

Title 09
DEPARTMENT OF LABOR, LICENSING, AND REGULATION
Subtitle 32 UNEMPLOYMENT INSURANCE

Chapter 09 Employer Audits

Authority: Labor and Employment Article, §§ 8-305, 8-306, 8-602 and 8-625, Annotated Code of Maryland

.01 Purpose.

This chapter sets out the procedures for conducting an audit and the related requirements for employers.

.02 Definitions.

- A. In this chapter, the following terms have the meanings indicated.
- B. Terms Defined.

- (1) "Random audit" means an audit chosen randomly by a DLLR automated program
- (2) "Target audit" means an audit originating from an unemployment insurance claim, or an audit focused on an employer in a particular industry, or an audit referred to the Field Investigation unit by the Contributions Division, another agency, or source outside Unemployment Insurance.

.03 Audit Process

- A. Upon receipt of an audit assignment, a field auditor shall send an Audit Notice letter to the employer advising that the employer is the subject of an audit by the Field Investigation and Audit unit. The letter shall state the authority for conducting the audit, a list of documents that the auditor will review in order to conduct the audit and shall request that the employer contact the auditor within 15 business days to arrange a convenient time to conduct the audit.
- B. If the employer fails to respond to the initial Audit Notice, the auditor shall send the employer a Final Audit Notice requesting that the employer contact the auditor within ten business days. The notice shall advise that if the employer fails to contact the auditor within ten business days, a subpoena duces tecum may be issued compelling production of records and documents.
- C. After the audit has been scheduled, the auditor may (1) require a meeting with the employer or his/her designated representative, (2) interview workers in question and/or (3) request additional information or documentation from the employer.
- D. Upon completion of the audit and a determination that no adjustment is necessary, a letter shall be sent to the employer advising that the employer is in compliance with Maryland Unemployment Insurance law for the audit period.
- E. If, after completing the audit, the auditor finds that adjustments to the employer's account are warranted, the auditor shall notify the employer of the audit findings and the adjustments to be made to the account. The Preliminary Audit Findings letter shall state the basis for the audit findings, based on information the auditor has received.

.04 Records

- A. An auditor may request any records necessary from an employer including, but not limited to, those set forth in COMAR 09.32.01.06.
- B. Refusal by an employer, or the employer's representative, to provide requested records to an auditor may result in issuance of a subpoena.

- C. Failure by an employer or the employer's representative to provide requested documents after issuance of a subpoena may result in judicial enforcement of the subpoena and/or placement of estimated assessments on the employer's account.

.05 Appeal of Audit Findings

- A. If an auditor makes adjustments to an employer's account, the auditor shall issue Preliminary Audit Findings. If the employer disagrees with the Preliminary Audit Findings, the employer may request a Review Determination.
- B. If an employer files a request for a Review Determination, a Reviewer designated by the Secretary shall be assigned to conduct the Review Determination.
- C. The designated Reviewer may review the audit work papers, speak to the employer and/or designated representative, and request any additional information the Reviewer deems necessary. The employer shall provide any documentation to the Reviewer that it believes would be helpful.
- D. Upon completion of the Review Determination, the Reviewer shall prepare a detailed written decision affirming or reversing the findings of the field auditor. The Review Determination shall state in detail the facts upon which the Reviewer relied in order to affirm or adjust the audit findings. The Review Determination shall advise the employer that if the employer disagrees with the Review Determination, the employer may file an appeal with the Board of Appeals within 15 days of the date of the Review Determination.
- E. If an employer does not request a Review Determination, the Preliminary Audit Findings shall become final and the employer shall be sent a letter advising the employer that the employer may file an appeal with the DLLR Board of Appeals within 15 days of the date of the letter.