

A motion by Kentucky on behalf of the Certification Committee to amend Streamlined Sales Tax Governing Board Rule Appendix H relating to the CSP Recertification Process

Appendix H

Recertification Process

The purpose of the recertification process is to ensure that a Certified Service Provider (CSP) continues to comply with all requirements ~~and standards~~ as set forth by the Streamlined Sales Tax ~~(SST)~~ Governing Board ~~(Board)~~, per Appendix C (Minimum Standards) of the Rules, as well as per the CSP Contract. The recertification process shall be ~~conducted~~performed by the Certification Committee and Audit Committee Core Team (Core Team) as a part of its contract compliance audit, at intervals approved by the Board.

General Understanding

A representative from the Certification Committee shall contact the CSP representative to ~~schedule a time to begin the process. The parties~~request specific materials necessary for performing the recertification evaluation. The Core Team will also hold a contract compliance audit ~~entrance meeting to discuss the process.~~

~~As per the Certification Standards paper,~~conference. A representative of the Certification Committee will participate in this conference as necessary.

The Certification Committee and Core Team shall be provided with sufficient and timely access to those staff, facilities, systems, databases, documentation, policies, procedures, and records deemed necessary for performing the recertification process. Confidentiality agreements may be required.

Timely communication between all parties is important. Testing Central shall monitor the operational performance of a CSP (i.e., quarterly testing, bulk registrations, SER filings, security issues, rate and boundary files) and will inform the ~~appropriate representative(s)~~Executive Director, Certification Committee and Core Team, of any issues ~~noted.~~ Information obtained during the recertification process may also be communicated to the Audit Committee.

Recertification Process

The recertification process may include, but is not limited to the following:

~~1) Verification that the CSP meets the requirements outlined in the Streamlined Sales and Use Tax Agreement (SSUTA), including~~

~~confirming that Seller Taxes were timely~~

1. The Core Team will evaluate contract compliance, including:

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a) Reviewing the CSP's compliance with the terms of the CSP contract through annual representations, questionnaires, direct inquiries, and specific tests.

b) Evaluating the CSP's systems and processes to verify compensation is calculated in accordance with the contract by reviewing the compensation and audit reports required in Appendix F.

c) Verifying appropriate procedures for mapping exist, are in conformance with the mapping requirements, and are followed in the initial mapping setup, as well as during updates and corrections to mapping.

d) Verifying appropriate entity-based and use-based exemption data elements are captured by the CSP's system.

a)e) Verifying tax collected was remitted to the appropriate tax authorities~~y~~.

- ~~▪ assessing whether exemption certificates received from customers were accurately completed or data elements to support purchases by exempt purchasers were maintained,~~
- ~~▪ reconciling the use of discounts to reduce the tax base,~~
- ~~▪ determining whether tax was accurately credited for returned merchandise or cancelled sales,~~
- ~~▪ and verifying that any reimbursements received by the Contractor were properly calculated and applied.~~

~~2) Verification of contract compliance.~~

~~3) Verification that~~

f) Verifying sales tax amounts correctly flow through to the simplified electronic returns (SERs).

2. The Core Team will evaluate compliance with Appendix F (Audit Reports), including verifying that the data files are complete and determining if the audit transaction data reconciles to the control total files.

4.3. The Certification Committee will evaluate whether the CSP ~~meets~~continues to meet the requirements found in the Certification Standards, Appendix G, and listed in the Minimum Standards (Appendix C.), including whether the required policies, procedures, and practices support the individual requirements.

~~4) Verification of compliance with Testing Central requirements.~~

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~~Verification that a web-based administrative site is provided as prescribed in the SST~~

~~4. The Certification Committee will inquire with Testing Central and with the states regarding any issues they have documented related to the CSP's compliance with the minimum standards and operational performance, including whether the CSP has resolved or is working to resolve the respective issues.~~

~~5) The Certification Committee will evaluate, as well as inquire of Testing Central and with the states the CSP's compliance with the requirements contained in Appendix E (Testing Process for Certification of Service Providers, Appendix E and SST CSP Site Administration, Appendix F.~~

~~2.5. Review and Automated Systems), including the status of ongoing testing of the existence and severity systems for accuracy of complaints from member states against the CSP. system changes, updates to tax rules, and boundary and rate table changes.~~

~~Determination if~~

~~3.6. The Core Team will evaluate whether there are any changes in financial position or continuing operations that could have a negative impact on the ability of the CSP to continue as a going concern, per Appendix O (Annual Representation and Related Requirements).~~

~~6) Substantiating that required audit trails exist for sales records maintained;~~

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7. At the conclusion of the recertification process, subsequent to meeting with the Core Team, as well as the CSP, to resolve any open issues, the Certification Committee will prepare a report to the Executive Committee containing a recommendation on whether the CSP has maintained compliance with the CSP minimum standards. (The Core Team independently issues its contract compliance audit report to the Executive Committee on whether the CSP has maintained compliance with the CSP contract.)