

Employment Insurance

Employer Guide

Automated Earnings Reporting System



Service Canada

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Protecting the System – With Your Help

We protect Employment Insurance (EI) to ensure that it is available when it’s needed. While the vast majority of EI claimants are honest, a few may attempt to abuse the system.

Signing up to participate in the Automated Earnings Reporting System is a way of helping us to be more effective at detecting and preventing abuse.

Part 1 – The Control Programs

Overview of Control Programs

One of Service Canada’s responsibilities is the identification of Employment Insurance (EI) overpayments. Overpayments occur when claimants accidentally or deliberately misrepresent their hours worked and earnings, resulting in more benefits paid than they are entitled to.

A prime method of carrying out this responsibility is through the examination of Records of Employment issued by employers and by the voluntary reporting by employers of newly-hired or recalled employees. These reporting systems identify overpayments which occur when claimants fail to report or incorrectly report work and earnings while they are receiving benefits.

Overpayments identified in this manner often result in administrative penalties or prosecutions. All of these suspected overpayments must be verified in an identical fashion: a written request for payroll information, called “Request for Payroll Information” form, is forwarded to an employer for completion and then returned to one of our offices.

Upon receipt of this information, we can determine if an overpayment in fact exists.

Service Canada works closely with employers in the administration of the EI Program and has made great efforts to simplify how employers report their employee’s earnings for EI purposes.

We have developed reporting programs that significantly reduce the time spent by employers in answering our earnings enquiries.

One such program is the Automated Earnings Reporting System (AERS). This program allows participating employers to electronically submit payroll information to Service Canada, remaining fully compliant with federal and provincial privacy legislation.

The information collected through this program is matched against EI records to identify EI claimants who may have unreported or incorrectly reported their earnings while in receipt of EI benefits.

While the vast majority of claimants accurately declare their work earnings, there are some exceptions. Programs – such as AERS – are designed to identify these exceptions.

Participation in AERS can result in immediate and significant savings to employers because they will spend less time and money dealing with our enquiries. In fact, often, our enquiries can be completely eliminated. AERS is not just for large companies; many smaller companies participate in AERS because they too have had to respond to our requests for earnings information.

While there are some participation requirements, if your payroll personnel are receiving our enquiries in significant numbers, you should consider signing up for the AERS program.

The Automated Earnings Reporting System (AERS)

The Automated Earnings Reporting System has been designed to:

- essentially eliminate the requirement for employers to respond to our written “Request for Payroll Information” forms;
- identify overpayments immediately. Early detection of overpayments results in much smaller overpayments for claimants and consequently smaller repayments. This also means that subsequent administrative penalties or prosecutions are unlikely because we are aware of the problem at the outset;
- deter claimants from not declaring work and earnings while on claim. The comprehensive nature of this program, the information material that is provided to employees and the immediate detection

of overpayments deter abuse of EI. This results in better protection of the contributions that both employers and employees make to the EI program.

How AERS Works

Under section 55.1 of the *Employment Insurance Regulations*, employers who wish to participate in this voluntary program forward an extract of their payroll data to Service Canada on a regular, predetermined basis. This information is matched directly to EI benefit payment files and is used to verify the earnings of EI claimants.

If discrepancies are identified between earnings reported by the employer and those reported by the claimant, an “observation” is created and sent to the appropriate Service Canada Centre for investigation.

Normally, we would contact the employer to obtain additional verification of payroll data however, for employers participating in the AERS program, this procedure is no longer required.

Overpayments identified through AERS will be repaid by claimants who received benefits they were not entitled to.

Participation Requirements

To join the AERS program, participants must:

- report earnings in a weekly, Sunday-to-Saturday format;

Note: Many employers do not have this type of payroll. However, because their system data captures the employees’ earnings daily, they can report earnings in a weekly, Sunday-to-Saturday format.

- transmit data via the Internet using Service Canada’s secure transfer mechanism;
- produce earnings information in the appropriate format. (This is explained in detail in Part 2 of this guide); and
- forward the data to Service Canada on a consistent basis (at least once every four weeks).
- In addition, employers must meet one of the following requirements:
 - Have hired 10 or more employees within the past 12 months, or expect to do so in the next 12 months; or
 - Were required to complete 10 or more Records of Employment over the past 12 months, or expect to do so in the next 12 months.

Any questions concerning participation requirements should be directed to your AERS representative.

For a listing of AERS representatives, please visit our website at: servicecanada.gc.ca (Search for “Business” in the A to Z Index, then click “AERS”).

Part 2 – Programming

General Business Rules

- Files must be produced in ASCII text format (.txt)
- File Name must be in the following format:
 - Business Number, Pay Period Start Date-Pay Period End Date.txt
 - **Example:**
123456789RP000120060402-20060408.txt
 - The Pay Period Start Date and Pay Period End Date must be the same as identified in the Business Header Record (see page 5).
- Optional fields can be left blank.
- All fields must be right justified.
- Browser must support 128-bit encryption.
- Netscape 4.0 or higher, Internet Explorer 4.0 or higher, or compatible browser is required.
- Although not a requirement, the faster the modem speed (56K, cable, DSL), the quicker the file transmission.
- It is recommended that the computer’s “cache” be cleared after each submission.
- Payroll files must be received in the correct order. A valid payroll file must exist for the previous pay period, unless it’s the first submission.
- The first submission to AERS must include current payroll data (four weeks from the week the file is being submitted).
- You are encouraged to submit when the payroll is produced – **at least once every four weeks.**
- Employers who fail to submit payroll data for a four month period will be automatically removed from the AERS program and will be required to complete written “Request for Payroll Information” forms, starting with the period following the last valid file that was submitted.
- In a week where **no employees worked**, a file must be sent for the weekly period with one Employee Details Record (see page 6) leaving the Social Insurance Number (SIN) field blank, and with zeroes in the Gross Earnings and Other Monies fields. Also, the Number of Employee Records field in the Business Header Record must show as “1”. This submission will prevent files from rejecting as “out of sequence”. A Sample Record Layout is provided on page 7 of this guide.
- If a file has been rejected, a corrected file must be sent **before any other payroll files are accepted.** If you send a new file and have not corrected and resubmitted the rejected file, that new file will show as “Pending” until the corrected file is received, or 14 days have elapsed, whichever is shorter. If the corrected file is not received within the 14 days, the “Pending” file will be rejected and will have to be resubmitted.
- Adjustments should be made before submitting payroll files.
- Corrections should be made and submitted before the end of each month, if possible.
- File(s) which are 10% or greater in error are entirely rejected and not processed. Errors should be corrected and the file(s) resubmitted.
- Files containing less than 10% in error records are retained and processed. Note: Only valid information is processed. A file cannot be sent containing only corrected or adjusted records, it must contain all original information.
- It is necessary for employers to logon to Service Canada’s secure channel: choose “History”, scroll to the appropriate reference number(s), select that number(s) and scroll down to review the status of the previous file submissions before transmission of the next file(s). This will ensure errors are noted and corrected with files being received in the proper sequence.

Header / Details – Business Rules

- Each file may contain only one Business Number (Header Record), covering only one weekly period (one Business Number and one week per file).
- Both a Header Record, (Record Type 01) and Employee Details Records (Record Type 02), must be provided.
- Employee earnings must be shown **in the week they are earned**, regardless of when they are paid.
- Employee Details Records must be sorted by SIN in ascending order (smallest to largest).
- The same SIN cannot occur more than once in a file. If this situation occurs within your payroll, the earnings associated to this SIN must be combined and totaled for the SIN to appear only once within the file.

If a Payroll Service Bureau or Software Vendor is responsible for creating your record layout, please provide them with these Business Rules.

RECORD LAYOUT – Business Header Record

The Business Header Record identifies the Organization/Business submitting the payroll information along with the period being submitted. All fields are mandatory, unless stated otherwise.

Field	Position	Contents
Record Type	1–2	Numeric (2 Digits); Must be 01; Identifies the record as being the Business Header Record.
Business Number	3–17	Alpha/Numeric (15 Characters); Federal Government Business Number; Format: 123456789RP9999 Only one Business Number per file; Must include all 15 characters.
Payroll Location	18–21	Alpha/Numeric (4 Characters); Used by some employers as additional method of identifying different payroll locations; Optional.
Pay Period Start Date	22–29	Numeric(8 Digits); Calendar date of the first day of the pay period covered by the file; Must be Sunday; Must be earlier than the Pay Period End date; Format: CCYMMDD
Pay Period End Date	30–37	Numeric (8 Digits); Calendar date of the last day of the pay period covered by the file; Must be first Saturday following Pay Period Start Date; Must be later than the Pay Period Start Date; Format: CCYMMDD
Number of Employee Records	38–42	Numeric (5 Digits); Number of employee records contained in the file; Equal to the number of records provided in the Employee Details portion; Format: 99999

RECORD LAYOUT – Employee Details Record

The Details Records include payroll information for each SIN that falls under the Business Number, provided in the Header Record. All fields are mandatory, unless stated otherwise.

Field	Position	Contents
Record Type	1–2	Numeric (2 Digits); Must be 02; Identifies the record as being the Employee Details Record.
Social Insurance Number	3–11	Numeric (9 Digits); Must pass a MOD 10 check (Refer to page 8 of this guide); Used to identify the employee; Can occur only once per file; Format: 999999999
Badge/Payroll Number	12–33	Alpha/Numeric (22 Characters); Used by some employers as an additional method of identifying employees; Optional.
Period Start Date	34–41	Numeric (8 Digits); Calendar date of the first day worked by the employee, or pay period start date (whichever can be provided) within the weekly pay period covered by the Header Record; Format: CCYYMMDD
Period End Date	42–49	Numeric (8 Digits); Calendar date of the last day worked by the employee, or pay period end date (whichever can be provided) within the weekly pay period covered by the Header Record; Format: CCYYMMDD
Gross Earnings	50–62	Numeric (12 Digits– 10 to represent before the decimal, and 2 to represent after the decimal); Format: 9999999999.99 (add leading zeros) Example: 0000000125.50 (cannot be a negative amount); Earnings before deductions; Optional; Note: Although Gross Earnings and Other Monies are Optional, one or the other must be provided.
Other Monies	63–75	Numeric (12 Digits – 10 to represent before the decimal, and 2 to represent after); Format: 9999999999.99 (add leading zeros) Example: 0000000058.25 (cannot be a negative amount); Monies other than Gross Earnings paid during the pay period; Can include Bonus, Commissions, Non-Pecuniary Income, Severance Pay, Statutory Holiday Pay, Gratuities, Wages in Lieu of Notice, Pension, Profit Sharing, Shift Premiums, SUB Plan and Vacation Pay (See ROE Guide for a more exhaustive listing); Optional; Note: Although Gross Earnings and Other Monies are Optional, one or the other must be provided.

Sample Record Layout – A Typical File

Filename: 123456789RP000120060402-20060408.txt

01123456789RP0001000020060402200604080002

0298765432155555555555555555SMITH20060402200604080000000225.870000000000.00

0298798798766666666666666666666666DUPRE20060402200604080000000755.450000000120.50

Sample Record Layout – Weeks with no activity

Filename: 123456789RP000120060312-20060318.txt

01123456789RP00010000200603122006031800001

02 0000000000000000000000002006031220060318000000000.000000000000.00

Note: Once programming is complete, a User ID and Password will be established through your AERS representative. The URL, along with a guide for Service Canada’s Secure Channel, will also be provided.

Upon receipt of your first valid submission (meets Record Layout and Business Rules), the Business Number contained in this file will be suppressed from receiving written “Request for Payroll Information” forms.

MOD – 10 Check

A MOD-10 check ensures that any invalid SIN is rejected and cannot be matched against our Benefit Pay file. If your system does not already have a MOD-10 check to verify the validity of a SIN, we would like to suggest that you add such a check to your program which would allow your payroll and personnel offices to correct the files of those employees whose SINs are invalid.

Validity Verification Procedures:

Let's take the following SIN as an example:

998 986 731

1. Starting with the 1st digit, add every 2nd digit:
9 9 8 9 8 6 7 3 1. Therefore, $9 + 8 + 8 + 7 + 1 = 33$
2. Double and add the other digits. If the doubling results in more than 9, add the two digits in the result, i.e., $2 \times 9 = 18$, so $1 + 8 = 9$.
3. Therefore, $9 9 6 3 = (1 + 8) + (1 + 8) + (1 + 2) + 6 = 27$
4. Add the results of 1 and 3. Therefore, $33 + 27 = 60$.
5. The results of this addition should be a multiple of 10. If it is not, the SIN is invalid and the correct one must be determined.

Employer Support

Any questions about payroll or technical issues should be directed to your AERS representative.

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