

Extended Employment Program

SFY 2024 Compliance Audit Standards

State of Minnesota Department of Employment and Economic Development, Vocational Rehabilitation Services

Published: August 8, 2024, reviewed June 4, 2024.

DETAILS

AUTHORITY

These standards are to be used by independent auditors (examiners) conducting compliance audits (examinations) of services provided and reported under contracts with the Department of Employment and Economic Development (DEED) for Extended Employment (EE) in accordance with Minnesota Rules, 3300.6000 through 3300.6070. The standards also apply to organizations that, with the permission of DEED, subcontract with contractors of DEED for Extended Employment services.

EFFECTIVE DATE

These standards are effective August 8, 2024 for the period July 1, 2023 through June 30, 2024.

SCOPE OF AUDIT

The objective of the practitioner's audit procedures, applied to management's assertion about an entity's compliance with specific requirements, is to express an opinion about whether management's assertion (Appendix A) is fairly stated in all material respects based on agreed upon criteria. The scope does not include an auditor's opinion on internal control over compliance. Any questions or concerns can be directed to Meghan Hanson, Extended Employment Program Specialist
meghan.hanson@state.mn.us

SUGGESTED PROCEDURES

To reduce the cost of the audit, respond to auditors need for more direction, and establish greater uniformity in the testing and reporting of compliance, DEED has included suggested testing protocol for auditors. These tests are not required, and auditors will use their own professional judgment in determining whether the suggested procedures are sufficient for the auditor to issue an opinion on management's assertions.

DUE DATE: OCTOBER 31, 2024

The Extended Employment Compliance Audit Report, including applicable supplemental documents, must be received by 4:30 p.m. October 31, 2024. Providers submitting late audit reports will not be eligible to receive credit for additional hours discovered during the audit reconciliation. DEED may withhold Extended Employment reimbursement payments to providers for late audits until reports are received.

REPORT FORMAT AND DELIVERY

Electronic audit reports must be delivered via email to extended.employment@state.mn.us.

CURRENT APPENDICES, REQUIREMENTS, PROCEDURES, REPORTS

Download current forms from the DEED website for SFY 2024, the fiscal year ending June 30, 2024. Forms from a prior period will not be accepted. The appendices available to audit SFY 2024 are:

- Appendix A: Management Assertion Letter
- Appendix B: Independent Auditor Report
- Appendix C: Schedule of Questioned Hours and Wages
- Appendix D: SFY 2024 Audit Standards Checklist
- Appendices E, F, G: 2024 Audit Compliance Reconciliation Form
- Appendix H: SFY 2024 Audit Requirements
- *Appendices I, J, K from prior years are no longer applicable.*
- Appendix L: Sample EE and Medicaid Waiver Disclosure Spreadsheet

STATEWIDE UNIFORM REIMBURSEMENT RATES

Reimbursement rates for each subprogram for SFY 2024 were:

- **Center-Based Subprogram (CBE):** \$2.11
- **Community Employment Subprogram (CE):** \$4.38
- **Supported Employment Subprogram (SE):** \$6.49

APPLICABLE STANDARDS

The audit is to be conducted in accordance with Generally Accepted Auditing Standards contained in American Institute of Certified Public Accountants (AICPA) professional standards, Attestation Standards, Compliance Attestation Audit Engagement.

OPINION ON MANAGEMENT’S ASSERTIONS

The opinion on management’s assertions shall be for the period under audit: July 1, 2023 through June 30, 2024.

CRITERIA

The audit report will address the established criteria published by DEED as shown in the samples. Disclose any criteria not applicable to a given provider. See sample Management Assertion Letter (Appendix A) and Independent Auditor Report (Appendix B).

SAMPLES

The sample is to be selected from reported work hours (as opposed to selecting a sample of individuals).

Sample Size

Random sampling of work hours (not individuals) is required to be of a size sufficient to make a projection of variances to the unaudited population sufficient to support a 95% confidence level.

Selection

Auditors must select a representative and random sample of work hours – not a sample of individuals in the program - as follows:

- Supported Employment (SE) – Randomly select a sample of work hours that is representative of employers and hours within the population provided from the Relevant Data for EE Audit report.
- Community Employment (CE) – Randomly select a sample of work hours that is representative of employers and hours within the population provided from Relevant Data for EE Audit report.
- Center-Based Employment (CBE) – Randomly select a sample of work hours that is representative of employers and hours within the population provided from the Relevant Data for EE Audit report.
- Individuals receiving a Medical Assistance (MA) waiver - 100% of this population should be included in the sample regardless of the subprogram.

In the event significant additional records are discovered, the auditor may need to take a new sample(s) based on the subprogram’s population.

Confidence to Support Projections

With confidence in the results of their selected samples, auditors will project error rates of 10% or more to the population, as directed in Criteria #12 through #14. Auditors who do not have confidence in the results of the initial sample must expand the sample until a satisfactory level of confidence is achieved in accordance with professional standards or withdraw from the engagement.

Testing the Sample

Auditors will apply all applicable tests to the selected sample and may expand the original sample as necessary. The selected sample will be used to perform tests identified in Criterion #1 through Criterion #11.

Report the Sample Size

Auditors will report the sample size of work hours for each subprogram on the lines provided in the lower left-hand corner of Appendix C. For this reason, Appendix C must be included in the auditor's report even if no variances are reported.

Supplemental Reports

Questioned Items

Supplemental reports of all questioned items (noncompliance) will be issued. Variances will be reported in the form of questioned hours and wages, in the format provided by the DEED, i.e., Schedule of Questioned Hours and Wages (Appendix C).

Summary Reports

- A summary report of variances and the effect on the provider's Center-Based Employment contract will be issued in the format provided by the DEED in Center-Based Employment Reconciliation (Appendix E).
- A summary report of variances and the effect on the provider's Community Employment contract will be issued in the format provided by the DEED in Community Employment Reconciliation (Appendix F).
- A summary report of variances and the effect on the provider's Supported Employment contract will be issued in the format provided by the DEED in Supported Employment Reconciliation (Appendix G).

DISCLOSURE OF PROCEDURES

The Audit Standards Checklist (Appendix D) will be submitted with the audit report. This report must be signed by the Executive Director and a member of the Board of Directors who is not involved in the daily operation or management of the organization.

PROVIDER'S RESPONSE TO FINDINGS

The auditor will submit the provider's response to reported variances and recommendations to DEED with the audit report. The response will include cause and corrective action.

MATERIALS AVAILABLE FROM THE PROVIDER

The auditor will need to review the following documents in the course of the audit and should be shared by the provider.

- Extended Employment Contract and any amendments
- Payroll source documentation (pay stubs)
- Case file documentation
- Personnel policies of non-exempt staff and Extended Employment individuals
- Benefit accrual records
- Provider records of payments from DEED for EE invoices
- Reference materials available from DEED

From the following DEED webpage, select the tab “Compliance Audit Standards” to download the documents and information necessary to conduct this engagement: <http://mn.gov/deed/job-seekers/disabilities/extend-employment/service-providers/index.jsp>

- SFY 2024 Compliance Audit Standards (This Document)
- Extended Employment Program Rules (Minnesota Rules, 3300.6000-3300.6070)
- SFY 2024 Subprogram Reconciliation Forms (Appendices: E, F, and G)
- Reimbursement rates for each subprogram: CBE \$2.11; CE \$4.38; SE \$6.49
- Contracted allocations by subprogram
- Invoices and payments (Include invoices and payments made after June 30, 2023 for SFY 2024).
- Relevant Data for EE Audit Report for persons served (EE individuals). The Relevant Data for EE Audit report is available in DEED’s EE Provider Reporting System (PRS): <https://apps.deed.state.mn.us/mnee/>. The report contains provider-reported individual data necessary to select samples for a successful engagement. Providers create PRS login credentials for auditors. Auditors will access PRS in order to pull the report.

CRITERION

CRITERION 1

Individuals have worked the hours reported, and earned the wages reported, by the provider for the reimbursement paid by the DEED as shown on the DEED Relevant Data for EE Audit report.

Reference

- Work hours. (Minn. Rules, 3300.6000, subpart 19)
- Extended Employment individual. (Minn. Rules, 3300.6000, subpart 13)
- Center-Based Employment. (Minn. Rules, 3300.6000, subpart 3)
- Community Employment. (Minn. Rules, 3300.6000, subpart 5)
- Competitive, Integrated Employment. (Minn. Rules, 3300.6000, subpart 7)
- Requirements for Extended Employment Funding. (Minn. Rules, 3300.6030)
- Statewide uniform rates. (Minn. Rules, 3300.6050)

Applicability

All individuals reported in Extended Employment.

Evidence

A block of hours and wages as reported to DEED in the Relevant Data for EE Audit report. Select a representative sample of work hours (not a sample of individuals in the program) from each subprogram: Supported Employment (SE), Community Employment (CE), and Center-Based Employment (CBE).

Suggested Procedure

Determine that the provider held proper CARF accreditation for each subprogram, at the specific work location for center-based employment or in the case of community-based work the location where staff providing the individual's ongoing employment support services are permanently assigned. Compare the hours and wages reported in the Relevant Data for EE Audit report to the independent payroll source documentation. Testing may result in the addition or the reduction of reported hours and wages.

Report Results

Report positive and negative variances to reported hours and wages on Appendix C, Schedule of Questioned Hours and Wages. Identify criterion #1 as the reason for questioning the reported hours and wages.

Note

If the Supported Employment hours are disallowed, but meet the criteria for Community Employment, report variances on the reconciliation schedules by deducting the individual's reported hours and wages from Supported Employment and adding the individual's audited hours and wages to Community Employment.

Applicable Results

If the audit report will not be received by DEED by the due date, the auditor may carry only the sum of the negative adjustments to the Supported Employment Subprogram Reconciliation, Community Employment Subprogram Reconciliation, and the Center-Based Employment Subprogram Reconciliation.

Note

A bonus or commission could be included in the determination of wages but would not affect reported hours nor the payment for those hours.

CRITERION 2

Individuals have been paid appropriate hourly rates.

Reference

- Customary wage and benefits or customary rate. (Minn. Rules, 3300.6000, subpart 8)
- Extended Employment individual. (Minn. Rules, 3300.6000, subpart 13)
- Minimum wage. (Minn. Rules, 3300.6000, subpart 14)
- Work hours. (Minn. Rules, 3300.6000, subpart 19)

Applicability

All individuals reported in Extended Employment.

Evidence

A payroll record for a single pay period of an individual reported to the Extended Employment program.

Note

Work hours where the provider is the payroll agent are no longer be eligible to be reported under the Supported Employment subprogram. This provision is per the 2019 state rule and this provision took effect in SFY 2021.

Suggested Procedure A

For individuals who are paid subminimum wages, (a) determine if provider holds a valid 14 (c) certificate issued by the Department of Labor Wage and Hour Division under the Fair Labor Standards Act (FLSA), (b) determine if prevailing wage survey for the period includes the individual's job, and (c) determine if provider assessed the individual's productivity semi- annually during the year under audit.

Suggested Procedure B

For individuals in Supported Employment, review the individual's pay stubs or other payroll documentation to determine the wages paid were at or above the applicable state minimum wage. If reported supported employees were not paid at the applicable minimum wage, report as variances by deducting the individual's reported hours and wages from Supported Employment and adding the individual's audited hours and wages to Community Employment or Center- Based Employment, as applicable.

Suggested Procedure C

For self-employed individuals, review documentation of (a) gross income divided by the hours reported on the Relevant Data for EE Audit report to determine if the applicable minimum hourly rate has been earned, and (b) verify quarterly self-employment income taxes were filed for the year under audit. Some self-employed individuals may not have an income that warrants quarterly tax reporting. In this case, other documentation may be acceptable, e.g., letter attesting to paying the self-employed individual a certain wage per hour.

Results

Report the lack of compliance or documentation on Appendix C, Schedule of Questioned Hours and Wages or by questioning the reported hours and wages. Identify Criterion #2 (A, B, or C) as the reason for questioning the reported hours and wages.

Note

A bonus or commission could be included in the determination of wages but would not affect reported hours nor the payment for those hours.

CRITERION 3

Individuals in Supported Employment perform their work in competitive, integrated employment as defined in 3300.6000, subpart 7.

Reference

- Competitive, Integrated Employment. (Minn. Rules, 3300.6000, subpart 7)
- Customary wage and benefits or customary rate. (Minn. Rules, 3300.6000, subpart 8)
- Extended Employment individual. (Minn. Rules, 3300.6000, subpart 13)
- Minimum wage. (Minn. Rules, 3300.6000, subpart 14)
- Supported Employment Subprogram. (Minn. Rules, 3300.6000, subpart 18)

Applicability

Individuals reported in Supported Employment.

Evidence

Extended Employment case records of an individual reported to the Extended Employment program.

Suggested Procedure

For individuals in Supported Employment, review documentation in the case files to determine:

- If the individual with a disability interacts, for purpose of performing job duties, with people without disabilities in similar positions within the work unit and entire work site, not including supervisors or individuals providing services to the employee; and
- Is paid at the federal, state, or local minimum wage, whichever is highest. Individuals who work for small businesses must be paid the small business minimum wage.
- Is compensated at or above the customary wage and benefits as an individual without disabilities performing the same or similar work with comparable training, skills, and experiences with that employer.

Example

A night janitor working alone is considered as competitive, integrated employment, because night janitors typically work alone. However, a group of individuals with disabilities performing work in a segregated area, absent the normal contact and interaction with nondisabled individuals/customers/supervisors, is not integrated.

Results

Report the lack of compliance or documentation on the Appendix C, Schedule of Questioned Hours and Wages or by questioning the reported hours and wages. Identify Criterion #3 as the reason for questioning the reported hours and wages.

Notes

- If the provider contracts with DEED for an allocation from the Supported Employment Fund and receives reimbursement from the fund, the criterion is applicable.

- If individuals being reported in Supported Employment were not working in competitive, integrated employment, but meet the criteria of Community Employment Subprogram, report those variances by deducting the individual's reported hours and wages from Supported Employment and adding the individual's audited hours and wages to Community Employment on the Community Employment Reconciliation Schedule (Appendix F).
- Work hours where the provider is the payroll agent are no longer be eligible to be reported under the Supported Employment subprogram. This provision is per the 2019 state rule and this provision took effect in SFY 2021.

CRITERION 4

Individuals reported to the Extended Employment program have documentation of a diagnosed disability or disabilities and documentation of 3 or more serious functional limitations affecting employment.

Reference

- Individual eligibility. (Minn. Rules, 3300.6005, subpart 1)
- Serious functional limitations to employment. (Minn. Rules, 3300.6000, subpart 17)
- Qualified professional. (Minn. Rules, 3300.6000, subpart 16)

Applicability

All individuals reported in Extended Employment.

Evidence

The following documentation is maintained for an individual reported to the Extended Employment program:

- Documentation of a diagnosed disability or disabilities.
- Documentation of 3 or more serious functional limitations affecting employment.

Suggested Procedure

- Review the referral information in the case records.
- Verify the reported individual qualifies for services based on a disability which results in three or more functional limitations to employment.
- The individual's disability may be documented by an independent qualified healthcare professional, referral information supplied by DEED's Vocational Rehabilitation referral agent, or by the provider.
- Compare with the Relevant Data for EE Audit report to determine if disability and three functional limitations were reported accurately to DEED.

Results

Report the lack of compliance or documentation on the Appendix C, Schedule of Questioned Hours and Wages by questioning the reported hours and wages. Identify Criterion #4 (A, B, or C as the reason for the questioned hours and wages.)

CRITERION 5

Individuals reported to the Extended Employment program require ongoing employment support services to maintain or advance in employment.

Reference

- Individual eligibility. (Minn. Rules, 3300.6005, subpart 1)

Applicability

All individuals reported in Extended Employment.

Evidence

Documentation of an individual's need for ongoing employment support services.

Suggested Procedure

Review the referral information in the case file. Determine that the referral source or provider identified the need for ongoing employment support services.

If the referral is for job development, job placement, or work in a community-based setting, ensure referral documents, or subsequent communication from the referral agent, or the provider determined the need for ongoing employment support services after the individual's initial stabilization in the job.

Results

Report the lack of compliance or documentation on the Appendix C, Schedule of Questioned Hours and Wages by questioning the reported hours and wages. Identify Criterion #5 (A, B, or C as the reason for the questioned hours and wages.)

CRITERION 6

Individuals reported to the Extended Employment program and on a Medicaid Waiver are receiving separate and necessary services, and no duplicate funding is received by the provider.

Note

The EE program delayed the effective date of the provision in the new rule that states if a person is on a Medicaid Waiver, they are not eligible for EE. That provision was set to take effect July 1, 2020 and was delayed for all of SFY 2021 and SFY 2022. In SFY 2023, new individuals with a Medicaid waiver will not be eligible receive extended employment services through the Extended Employment program. Individuals receiving EE services prior to June 30, 2022, even if they have a Medicaid waiver, are exempt from this eligibility provision and may continue to receive EE services.

For the purposes of simplifying the SFY 2023 compliance audit and transitioning to the new provision, the audit for SFY 2023 did not require the previous "Appendix K" for each individual receiving EE services who is also on a Medicaid Waiver, this will continue in SFY 2024.

Previously, Appendix K was used in the audit to verify why EE funds would be used in the case when someone had a waiver. Appendix K was the documentation and justification of why this would happen. Moving forward, VRS is removing the Appendix K requirement and EE providers will simply be required to produce documentation that an individual on a Medicaid Waiver and in the Extended Employment program are receiving separate and necessary services, and no duplicate funding is received by the provider.

References

- Individual Eligibility (Minn. Rules, 3300.6005 Subpart 1B)
- Information on Medicaid Waivers and the partnership between the Minnesota Department of Human Services, Minnesota's Vocational Rehabilitation Program, and the Department of Education can be found here: disabilityhubmn.org/for-professionals/work/e1mn-partnership.

Applicability

EE providers that report an individual to the Extended Employment program who is on a Medicaid Waiver, regardless of the waiver service(s) the individual is receiving.

Evidence

Documentation sufficient to demonstrate if an individual receiving services through the Extended Employment program who is on a Medicaid Waiver, regardless of the waiver service(s) the individual is receiving, received separate and necessary services, and that no duplicate funding was received by the provider.

- Documentation of individuals who have received EE services in the fiscal year that also have a Medicaid Waiver.
- Documentation of dates during the fiscal year the individual received ongoing employment support services through the Extended Employment program.
- Documentation of what services the individual received through a Medicaid Waiver (i.e. Transportation Only, or Transportation and Waiver Employment Support Services).
- If the individual received Waiver Employment Support Services, documentation of the dates Waiver Employment Support Services were received.

Providers and auditors may use Appendix L to document this evidence or their own reports and methods. Use of Appendix L is not required.

Suggested Procedure

All individuals on any MA waiver and reported to the EE program must be included in the audit sample.

Ask the provider to produce all contracts/agreements with County agencies and the Minnesota Department of Human Services (DHS) for MA waiver services. From the contracts/agreements, make a list of the authorized services by waiver, under each contract.

Ask the provider to produce documentation sufficient to demonstrate if an individual receiving services through the Extended Employment program who is on a Medicaid Waiver, regardless of the waiver service(s) the individual is receiving, received separate and necessary services, and that no duplicate funding was received by the provider. The provider may use Appendix L to accomplish this or produce their own reports and documentation to satisfy the bullet points below.

- Documentation of individuals who have received EE services in the fiscal year that also have a Medicaid Waiver.
 - Documentation of dates during the fiscal year the individual received ongoing employment support services through the Extended Employment program.
 - Documentation of what services the individual received through a Medicaid Waiver (i.e. Transportation Only, or Transportation and Waiver Employment Support Services).
 - If the individual received Waiver Employment Support Services, documentation of the dates Waiver Employment Support Services were received.
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- Apply eligibility tests based on waiver services provided during the reporting period; if any requirements of the criterion are not met, determine lack of compliance, and note Criterion 6 on the Schedule of Questioned Hours and Wages.
 - Review the MA waiver Individual Service Plan/Coordinated Service and Support Plan in the individual's case file, if applicable, to identify the waiver service provided and verify the service is authorized by the applicable county/lead agency waiver contracts.
 - Review the Listing of EE Reported Participants and Relevant Data to identify the subprogram (Supported Employment, Community Employment, Center-Based Employment) in which the individual's work hours are reported.
 - Verify ongoing employment support services provided during the hours reported to the EE program are provided under an Extended Employment Support Plan.

Results

Report the lack of compliance or documentation on the Appendix C, Schedule of Questioned Hours and Wages by questioning the reported hours and wages. Identify Criterion #6 as the reason for the questioned hours and wages.

CRITERION 7

Individuals have a current Extended Employment Support Plan developed with the informed choice of the individual reported to Extended Employment, or the individual reported to Extended Employment's legal guardian.

Reference

- Extended Employment support plans. (Minn. Rules, 3300.6015)
- Case record elements. (Minn. Rules, 3300.6020 subpart 2)
- Informed choice. (Minn. Rules, 3300.6010, subpart 3)

Applicability

All individuals reported to Extended Employment.

Evidence

The Extended Employment Support Plan of an individual reported to the Extended Employment program.

Suggested Procedure A

Individuals have an Extended Employment support plan and receives an annual review and update of the Extended Employment support plan.

Suggested Procedure B

Determine that the individual reported to Extended Employment, or legal representative if applicable, signed and dated the Extended Employment Support Plan indicating informed choice. Note: it is not appropriate to retroactively date plans or to pre-date documents where the individual's informed choice is expected.

Results

Report the lack of compliance or documentation on the Appendix C: Schedule of Questioned Hours and Wages by questioning the reported hours and wages. Identify this Criterion #7 (A or B) as the reason for the questioned hours and wages.

CRITERION 8

The individual's Extended Employment Support Plan identifies the ongoing employment support services necessary for the individual to maintain and advance in employment.

Reference

- Extended Employment support plans. (Minn. Rules, 3300.6015)
- Ongoing employment support services. (Minn. Rules, 3300.6000, subpart 15)
- Case record documentation. (Minn. Rules, 3300.6020)

Applicability

All individuals reported to Extended Employment.

Evidence

The Extended Employment Support Plan of an individual reported to the Extended Employment program.

Suggested Procedure

Determine if the Extended Employment Support Plan contains the specific ongoing employment support services to be provided to the individual by the provider or by the employer if under the provisions of a written agreement between the employer and the provider, pursuant to Minn. Rules, 3300.6000, subpart 15.

Results

Report the lack of compliance or documentation on the Appendix C, Schedule of Questioned Hours and Wages by questioning the reported hours and wages. Identify Criterion #8 as the reason for the questioned hours and wages.

CRITERION 9

The ongoing employment support services provided to the individual are consistent with the services identified in the Extended Employment Support Plan.

Reference

- Extended Employment support plans. (Minn. Rules, 3300.6015)
- Ongoing employment support services. (Minn. Rules, 3300.6000, subpart 15)
- Case record documentation. (Minn. Rules, 3300.6020)

Applicability

All individuals reported to Extended Employment.

Evidence

Extended Employment Support Plan documentation and case records of an individual reported to the Extended Employment program.

Suggested Procedure

Review the case file for documentation of the ongoing employment support services that have been provided to the individual and are consistent with the Extended Employment Support Plan and goals.

Results

Report the lack of compliance or documentation on the Appendix C, Schedule of Questioned Hours and Wages by questioning the reported hours and wages. Identify Criterion #9 as the reason for the questioned hours and wages.

CRITERION 10

Individuals reported to Extended Employment receive a minimum of two contacts per month in the delivery of ongoing employment support services.

Note

In SFY 2020 - SFY 2023 the 2 contacts were allowed to be conducted virtually to accommodate necessary social distancing due to COVID-19. This provision continues for SFY 2024. Two contacts are required.

Reference

- Requirements of the extended employment support plan. (Minn. Rules, 3300.6015, subpart 2)
- Case record elements. (Minn. Rules, 3300.6020, subpart 2)

Applicability

All individuals reported to Extended Employment.

Evidence

Case record documentation of an individual reported to the Extended Employment program.

Suggested Procedure

Review the case file for the provision of ongoing support services. Determine if minimum contacts were made by the provider.

Results

Report the lack of compliance or documentation on the Appendix C, Schedule of Questioned Hours and Wages by questioning the reported hours and wages. Identify Criterion #11 as the reason for the questioned hours and wages.

Note

For SFY 2022 - SFY 2023 and SFY 2024 virtual meetings DO constitute in-person contacts for the provision on ongoing employment support services. This is a change from past years to accommodate necessary social distancing due to COVID-19.

The provision of ongoing employment support services must be delivered by the certified EE provider, except where DEED approved the subcontract agreement with another certified EE provider in advance of the delivery of services in any state fiscal year. Evidence of DEED's approval is required in writing.

CRITERION 11

The provider earned its Center-Based Employment Subprogram from the Non-Competitive Employment Fund allocation based on reported and audited hours during the state fiscal being examined.

Reference

- Relevant Data for EE Audit report
- Extended Employment Program Contract
- Payments for reimbursement of ongoing support services
- Appendix C, Schedule of Questioned Hours and Wages

Suggested Procedure

Complete Appendix E, Center-Based Employment Subprogram Reconciliation. Be sure to download and use the most current form from DEED's website.

PART A. BASE ALLOCATION (lines 1 - 13). This part records production (reported hours of work), variances, contract allocation, and payments for the provider's base allocation.

PART B. CONTRACT RECONCILIATION (line 14). This part summarizes part A to state the net funds due to the provider or the DEED Extended Employment Program.

Line 1: Record the total hours of reported participants in Center-Based Employment from the Relevant Data for EE Audit report.

Line 2: Determine the error rate within the selected sample as follows:

- a. Sum the “CBE Subtotal” (from the column labeled “Hours - Variance” on Appendix C); and
- b. Divide by the sum of all reported SE hours for the selected sample, including those with and without variances.

Line 3: If the error rate is 10% or greater, multiply the hours reported on **line 1** by the error rate on **line 2**. If the error rate is less than 10%, record a zero.

Line 4: If **line 3** is equal to zero, record the sum the “CBE Subtotal” (from the column labeled “Hours - Variance” on Appendix C) calculated for **Line 2(a)**. If **line 3** is greater than zero, skip this line.

Line 5: Determine the allowable hours after audit by using the following formula:

- a. Subtract the value reported on **line 3** from **line 1**, note the difference.
- b. Add or subtract the net variances reported on **line 4** from the value determined in item (a) above, note the new value.

Line 6: Skip this line: CBE reimbursement rate is already populated.

Line 7: Multiply the allowable hours after audit (**line 5**) by the CBE reimbursement rate (**line 6**) to determine the provider’s potential earnings, based on reported production.

Line 8: Record the contracted base allocation for the Center-Based Employment Subprogram.

Line 9: Subtract **line 8** from **line 7**. Record the difference if not equal to zero.

Line 10: Record the lesser of **lines 8 and 9**.

Line 11: Record the CBE dollars received by the provider for the fiscal year being examined. Record the date in the space provided on this line.

Line 12: If the amount on **line 10** is greater than the amount on **line 11**, record the difference. This is the amount the DEED owes the provider.

Line 13: If the amount on **line 11** is greater than the amount on **line 10**, record the difference. This is the amount the provider owes the DEED Extended Employment program. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.

Line 14: Part B. Contract Reconciliation. Record result from **line 12** or **line 13** (whichever is applicable). Record net CBE funds as dollars due to Provider from DEED-EE or [dollars due to DEED-EE from the Provider.]

Results

Reconcile the total eligible hours, earned allocation, payments, and variance from the contracted Center-Based Employment Subprogram allocation.

CRITERION 12

The provider earned its Community Employment Subprogram from the Non-Competitive Employment Fund allocation based on reported and audited hours in the state fiscal being examined.

Reference

- Relevant Data for EE Audit report
- Extended Employment Program Contract
- Payments for reimbursement of ongoing support services
- Appendix C: Schedule of Questioned Hours and Wages

Suggested Procedure

Complete Appendix F, Community Employment Subprogram Reconciliation. Be sure to download and use the most current form from DEED's website.

PART A. BASE ALLOCATION (lines 1 - 13). This part records production (reported hours of work), variances, contract allocation, and payments for the provider's base allocation.

PART B. CONTRACT RECONCILIATION (line 14). This part summarizes part A to state the net funds due to the provider or to the DEED Extended Employment Program.

Line 1: Record the total hours of reported participants in Community Employment from the Relevant Data for EE Audit report.

Line 2: Determine the error rate within the selected sample as follows:

- c. Sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix C); and
- d. Divide by the sum of all reported SE hours for the selected sample, including those with and without variances.

Line 3: If the error rate is 10% or greater, multiply the hours reported on **line 1** by the error rate on **line 2**. If the error rate is less than 10%, record a zero.

Line 4: If **line 3** is equal to zero, record the sum the "CE Subtotal" (from the column labeled "Hours - Variance" on Appendix C) calculated for **line 2(a)**. If **line 3** is greater than zero, skip this line.

Line 5: Determine the allowable hours after audit by using the following formula:

- a. Subtract the value reported on **line 3** from **line 1**, note the difference.
- b. Add or subtract the net variances reported on **line 4** from the value determined in item (a) above, note the new value.

Line 6: Skip this line: CE reimbursement rate is already populated.

Line 7: Multiply the allowable hours after audit (**line 5**) by the CE reimbursement rate (**line 6**) to determine the provider's potential earnings, based on reported production.

Line 8: Record the contracted base allocation for the Community Employment Subprogram.

Line 9: Subtract **line 8** from **line 7**. Record the difference if not equal to zero.

Line 10: Record the lesser of **lines 8 and 9**.

Line 11: Record the CE dollars received by the provider for the fiscal year being examined. Record the date in the space provided on this line.

Line 12: If the amount on **line 10** is greater than the amount on **line 11**, record the difference. This is the amount the DEED owes the provider.

Line 13: If the amount on **line 11** is greater than the amount on **line 10**, record the difference. This is the amount the provider owes the DEED Extended Employment program. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.

Line 14: Part B. Contract Reconciliation. Record result from **line 12** or **line 13** (whichever is applicable). Record net CE funds as dollars due to Provider from DEED-EE or [dollars due to DEED-EE from the Provider.]

Results

Reconcile the total eligible hours, earned allocation, payments, and variance from the contracted Community Employment Subprogram allocation.

CRITERION 13

The provider earned its Supported Employment Subprogram allocation based on reported and audited hours in the state fiscal being examined.

Reference

- Relevant Data for EE Audit report
- Extended Employment Program Contract
- Payments for reimbursement of ongoing support services
- Appendix C, Schedule of Questioned Hours and Wages

Suggested Procedure

Complete Appendix G - Supported Employment Subprogram Reconciliation. Be sure to download and use the most current form from DEED's website.

PART A. BASE ALLOCATION (lines 1 - 13). This part records production (reported hours of work), variances, contract allocation, and payments for the provider’s base allocation. Do not include information for New and Expanded Programs, except in as requested on line 5.

PART B. CONTRACT RECONCILIATION (line 14) This part summarizes part A to state the net funds due to the provider or the DEED.

Line 1: Record the total hours of reported participants in Supported Employment from the Relevant Data for EE Audit report.

Line 2: Determine the error rate within the selected sample as follows:

- a. Sum the “SE Subtotal” (from the column labeled “Hours - Variance” on Appendix C); and
- b. Divide by the sum of all reported SE hours for the selected sample, including those with and without variances.

Line 3: If the error rate is 10% or greater, multiply the hours reported on **line 1** by the error rate on **line 2**. If the error rate is less than 10%, record a zero.

Line 4: If **line 3** is equal to zero, record the sum the “SE Subtotal” (from the column labeled “Hours - Variance” on Appendix C) calculated for **line 2(a)**. If **line 3** is greater than zero, skip this line.

Line 5: Determine the allowable hours after audit by using the following formula:

- Subtract the value reported on **line 3** from **line 1**, note the difference.
- Add or subtract the net variances reported on **line 4** from the value determined in item (a) above, note the new value.

Line 6: Skip this line: SE reimbursement rate is already populated.

Line 7: Multiply the allowable hours after audit (**line 5**) by the SE reimbursement rate (**line 6**) to determine the provider’s potential earnings, based on reported production.

Line 8: Record the contracted base allocation for the Supported Employment program.

Line 9: Subtract **line 8** from **line 7**. Record the difference if not equal to zero.

Line 10: Record the lesser of **lines 8 and 9**.

Line 11: Record the SE funds received by the provider for the fiscal year being examined. Record the date in the space provided on this line.

Line 12: If the amount on **line 10** is greater than the amount on **line 11**, record the difference. This is the amount the DEED Extended Employment Program owes the provider.

Line 13: If the amount on **line 11** is greater than the amount on **line 10**, record the difference. This is the amount the provider owes the DEED Extended Employment Program. If the provider chooses not to appeal the findings of the audit, a check may be submitted with the audit report for this amount.

Line 14: Part B. Contract Reconciliation. Record result from **line 12** or **line 13** (whichever is applicable). Record net SE funds as dollars due to Provider from the DEED Extended Employment Program or [dollars due to DEED-EE from the provider.]

Results

Reconcile the total eligible hours, earned allocation, payments, and variance from the contracted Supported Employment Subprogram allocation.