Extended Employment Program

SFY 2020 Compliance Audit Standards

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

Published: August 26, 2020

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 26, 2020 for the period July 1, 2019 through June 30, 2020.

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 Kim Babine, Director of Community Partnerships with DEED-VRS, kim.babine@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, 2020

The Extended Employment Compliance Audit Report, including applicable supplemental documents, must be received by 4:00pm October 31, 2020. Extensions are available due to the delay in publishing the Audit Standards and Relevant Data reports. Please contact kim.babine@state.mn.us if an extension is needed. Providers submitting late audit reports without contacting kim.babine@state.mn.us 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 REQUIREMENTS, PROCEDURES, REPORTS

Download current forms from the DEED website for the fiscal year ending June 30, 2020. Forms from a prior period will not be accepted.

STATEWIDE UNIFORM REIMBURSEMENT RATES

Reimbursement rates for each subprogram for SFY 2020 are:

- Center-Based Subprogram (CBE): $2.11
- Community Employment Subprogram (CE): $3.87
- Supported Employment Subprogram (SE): $5.55

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, 2019 through June 30, 2020.
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).

Random sampling 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, random sample of work hours as follows:

- Supported Employment (SE) – Randomly select a sample 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 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 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 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](http://mn.gov/deed/job-seekers/disabilities/extend-employment/service-providers/index.jsp)

- SFY 2020 Compliance Audit Standards (This Document)
- Extended Employment Program Rules (Minnesota Rules, 3300.6000-3300.6070)
- SFY 2020 Subprogram Reconciliation Forms (Appendices: E, F, and G)
- Reimbursement rates for each subprogram: CBE $2.11; CE $3.87; SE $5.55
- Contracted allocations by subprogram
- Invoices and payments (Include invoices and payments made after June 30, 2019 for SFY 2020).
- 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/](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 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**
Criterion 2 is a placeholder for new or expanded program services, of which there were none to audit for SFY 2020.

---

**CRITERION 3**
*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
Beginning SFY 2021, work hours where the provider is the payroll agent will no longer be eligible to be reported under the Supported Employment subprogram.

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 #3 (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 4

Individuals in Supported Employment perform their work in competitive, integrated employment as defined in 3300.6005, 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 #4 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).
• Beginning SFY 2021, work hours where the provider is the payroll agent will no longer be eligible to be reported under the Supported Employment subprogram.

CRITERION 5

_Individuals reported to the Extended Employment program and on a Medical Assistance waiver are receiving separate and necessary services, and no duplicate funding is received by the provider._

• Individuals reported to the Extended Employment program and on a MA waiver, regardless of the waiver service(s) the individual is receiving, have met with the individual’s interdisciplinary team composed of the individual, individual’s legal representative and/or advocate, if any, representatives of the Extended Employment provider and the county/lead agency case manager to determine which ongoing employment support services are necessary for the individual to achieve their employment goal.
• Individuals reported to the Extended Employment program and on a MA waiver, regardless of the waiver service(s) the individual is receiving, are receiving separate services from the MA waiver and the Extended Employment program.
• Extended Employment providers who report individuals to the Extended Employment program who are also on a MA waiver, regardless of the waiver service(s) the individual is receiving, do not receive duplicate funding from the MA waiver and the Extended Employment program.

References

• Individual Eligibility (Minn. Rules, 3300.6005 Subpart 1B)
• Minnesota Department of Human Services (DHS) Minnesota Health Care Programs Manual
• Appendix I: Understanding the relationship between the MA waiver and the Extended Employment program
• Appendix J: Eligibility Analysis for MA – EE Dual Enrollment
• Appendix K: “EE and MA Waiver Disclosure Form”

Applicability

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

Evidence

Appendix K, the “EE and MA Waiver Disclosure Form” for individuals reported to the Extended Employment program and on a MA waiver, regardless of the waiver service(s) the individual is receiving.
Suggested Procedure

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. More information about these contracts is available in Appendix I.

Ask the provider to produce a list of all individuals on any MA waiver. All EE individuals on any MA waiver and reported to the EE program must be included in the audit sample.

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 to identify the waiver service provided and verify the service is authorized by the applicable county/lead agency waiver contracts; and

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; and

Refer to the individual’s documentation as described in Criterion 6 Evidence and review Appendices I and J to verify the eligibility for reporting work hours to the EE subprogram based on the MA recipient’s authorized waiver service; and

Verify ongoing employment support services provided during the hours reported to the EE program are provided under an Extended Employment Support Plan; and

Verify ongoing employment support services identified in the Extended Employment Support Plan are delivered by provider staff members who are not employees of a day activity center licensed by DHS, or other personnel funded by the DHS.

• Review Appendix K: “EE and MA Waiver Disclosure Form” for individuals reported to the Extended Employment program and on a MA waiver, regardless of the waiver service(s) the individual is receiving. The auditor will verify the form includes: Determination of the ongoing employment support services necessary for the individual to achieve their employment goal made by the individual’s interdisciplinary team composed of the individual, individual’s legal representative and/or advocate, if any, representatives of the Extended Employment provider and the county/lead agency case manager.

• The interdisciplinary team has determined ongoing employment support services are necessary for the individual to achieve their employment goal. The county/lead agency has determined that the person is not receiving ongoing employment support services under the waiver and thus Extended Employment program funding for Employment Support Services from EE is not duplicative. Certification by the county/lead agency that the individual is receiving separate services from the MA waiver and the Extended Employment program.

• Documentation by the county/lead agency that the individual’s Extended Employment provider is receiving no duplicate funding from the MA waiver and the Extended Employment program.
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 as the reason for the questioned hours and wages.

CRITERION 6

*Individuals reported to the Extended Employment program are eligible.*

Reference

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

Applicability
All individuals reported in Extended Employment.

Evidence
Documentation of an individual’s disability and functional limitations for an individual reported to the Extended Employment program.

Suggested Procedure A
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 the DEED.

Suggested Procedure B
Review the referral information in the case file. Determine that the referral source or provider identified the need for ongoing employment support service.

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.

Suggested Procedure C
Review the case file to determine the existence of a current Extended Employment Support Plan that addresses the need for ongoing support services to maintain or advance in employment. The plan must be signed by the individual and if the individual has a legal guardian, the legal guardian should sign the plan as well.

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 (A, B, or C as the reason for the questioned hours and wages.)
CRITERION 7

*Individuals are persons with a most significant disability, who have 3 or more serious functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.*

**Reference**
- Individuals reported to Extended Employment. (Minn. Rules, 3300.2005, subpart 18)
- Individual with a most significant disability. (Minn. Rules, 3300.2005, subpart 22)
- Functional area. (Minn. Rules, 3300.2005, subpart 20)

**Applicability**
All individuals reported in Extended Employment.

**Evidence**
Documentation of an individual’s disability and functional limitations for an individual reported to the Extended Employment program.

**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 or by referral information supplied by DEED’s Vocational Rehabilitation referral agent. Compare with the Relevant Data for EE Audit report to determine if disability and three functional limitations were reported accurately to the 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 #7 as the reason for the questioned hours and wages.

CRITERION 8

*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 Criterion #8 (A or B) as the reason for the questioned hours and wages.

CRITERION 9  

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 #9 as the reason for the questioned hours and wages.

CRITERION 10

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 #10 as the reason for the questioned hours and wages.

CRITERION 11

Individuals reported to Extended Employment receive a minimum of two contacts per month in the delivery of ongoing employment support services. In SFY 2020 and SFY 2021, contacts MAY be conducted virtually to accommodate necessary social distancing due to COVID-19. Two contacts are still 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 2020 and SFY 2021, 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 12

_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 met 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 13

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 14**

*The provider earned its Supported Employment Subprogram from the Supported 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 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.