

SAMPLE FORMS

SFY16 EXTENDED EMPLOYMENT COMPLIANCE EXAMINATION

JULY 1, 2015 TO JUNE 30, 2016

APPENDIX A: [Name of Provider] Management Assertion letter

APPENDIX B: Independent Accountant's Report

APPENDIX C: Schedule of Questioned Hours and Wages

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APPENDIX A: [Name of Provider] Management Assertion letter

We assert, to the best of our knowledge and belief, as of [date], that we have complied with the Extended Employment Program criterion for the year ending, June 30, 2016.

- Criterion 1:** Workers have worked the hours reported, and earned the wages reported, by the provider for the reimbursement paid by the DEED as shown in the DEED *Listing of Reported Participants and Relevant Data* file.
- Criterion 2:** Workers reported to New/Expanded programs are persons who: (a) were not reported, by the provider, to the Extended Employment program in the contact period prior to the grant award; (b) are residents of a county specified in DEED's 2013 grant award letter, (c) are diagnosed by a qualified healthcare professional with one of the disabilities specified in DEED's 2013 grant award letter; and (d) receive the planned ongoing employment support services necessary to work in the competitive labor market. *[We reported no workers to a New/Expanded program; or we do not have a New/Expanded program allocation. Therefore this criterion is not applicable.]*
- Criterion 3:** Workers have been paid appropriate hourly rates.
- Criterion 4:** Workers in Supported Employment perform their work in integrated settings.
- Criterion 5:** When the provider is the payroll agent, workers in DEED-certified Extended Employment locations and subprograms (a) receive fundamental personnel benefits proportionate to the full-time nonexempt staff, and (b) no EE worker earns less than the minimum annual accruals of 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays, or 10 days paid flexible leave and 5 paid holidays. *[We are the payroll agent for no reported workers; therefore this criterion is not applicable.]*
- Criterion 6:** Workers reported to the Extended Employment Program and enrolled in Medical Assistance (MA) Waiver programs are receiving separate and necessary services, and no duplicate funding is received by the provider. *[We receive no Medical-Assistance funds for reported workers; therefore, this criterion is not applicable.]*
- Criterion 7:** Workers are persons with a most severe disability, who have 3 or more serious functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.
- Criterion 8:** Workers have a current Extended Employment Support Plan developed with the informed consent of the worker, or the worker's legal guardian.

Criterion 9: The workers' Extended Employment Support Plan identifies the ongoing employment support services necessary for the worker to maintain and advance in employment.

Criterion 10: The ongoing employment support services provided to the worker are consistent with the services identified in the Extended Employment Support Plan.

Criterion 11: Workers receive a minimum of two in-person contacts per month in the delivery of ongoing employment support services.

Criterion 12: We have an Extended Employment Contract that allows us to earn a maximum of \$_____ to provide of Center-Based Employment to Minnesotans with the most severe disabilities. We have met the conditions of the contract and, based on reported and audited work hours, earned \$_____ of the contracted allocation. *[We receive no funds, directly or indirectly, from the Extended Employment Program for Center-based Employment. Therefore, this criterion is not applicable.]*

Criterion 13: (Choose all that apply.)

We have an Extended Employment Contract that allows us to earn a maximum of \$_____ to provide Community Employment and Supported Employment to Minnesotans with the most severe disabilities. We have met the conditions of the contract and, based on reported and audited work hours, earned \$_____ of the contracted allocation.

We have an Extended Employment Contract that allows us to earn a maximum of \$_____, under a **new/expanded program** allocation for Supported Employment to a specific population. Based on audited work hours, we have earned \$_____ of the new/expanded allocation in accordance with DEED's 2013 funding letter by our provision of Supported Employment to Minnesotans with [*specify disability groups*] residing in the following counties: [*specify counties*]. The conditions of funding have been met.

Signed: _____
Executive Director

date: _____

Signed: _____
Officer, Board of Directors ¹

date: _____

¹Requires the signature of an officer of the board of directors who has no involvement in the daily operations or management of the corporation, and who is neither an employee nor contractor of the corporation.

APPENDIX B: Independent Accountant's Report

We have examined management's assertions included in the accompanying Management Assertion Letter that (name of Provider) complied with the Minnesota Department of Employment and Economic Development's 13 Extended Employment Compliance Examination Standards Criterion, during the year ended (dated), except for the noncompliance described in the third paragraph for the year ended (date). Management is responsible for (name of entity)'s compliance with those requirements. Our responsibility is to express an opinion on management's assertions about (name of entity)'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about (name of entity)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on (name of entity)'s compliance with specified requirements.

Our examination disclosed the following noncompliance with the requirements referred to above, applicable to (name of entity) during the year ended June 30, XXXX, which are described in the accompanying (list names of schedules). [Omit if no noncompliance is noted on the following schedules]

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, XXXX.

This report is intended solely for the information and use of (list specified parties) the Minnesota Department of Employment and Economic Development (DEED) and is not intended to be and should not be used by anyone other than these specified parties.

[Signature]

[Date]

Note: This is the preferred report sample that has nonmaterial findings. Please refer to AICPA Professional Standards, Attestation Standards, Compliance Attestation, Examination Engagement for detailed guidance and other reporting variations including reports without findings and material findings.

APPENDIX C: Schedule of Questioned Hours and Wages

Hours and Wages were questioned, and may be disallowed, due to these compliance criterion:

1. Audited wages/hours vary from reported hours. (Variance column could show increase or decrease in hours/wages.) Note failed procedure 1(A) and/or 1(B).

The following criteria caused the reported hours and wages to be questioned and are reported as negative numbers in the Variance columns:

1. Unable to verify appropriate hourly rates paid. Note failed procedure 3(A), 3(B), and/or 3(C).
2. Unable to verify integration of employment setting,
3. Unable to verify worker's receipt of required level of fundamental personnel benefits. Note failed procedure 5(A), 5(B), 5(C), and/or 5(D).
4. Unable to verify minimum requirements of worker dually funded by EE and Medical Assistance-funded programs. Note failed procedure 6(A) and/or 6(B).
5. Unable to verify severity of disability, functional limitations, or need for ongoing employment support services. Note failed procedure 7(A, 7(B) and/or 7(C).
6. EE Support Plan was unavailable, unsigned, or not reviewed and updated within the year, or every 6 months for workers in CBE subprogram. Note failed procedure 8(A), 8(B), and/or 8(C).
7. EE Support Plan did not identify services to be provided.
8. Case records did not document services provided or services provided were not consistent with the EE Support Plan.
9. Case files did not document a minimum of two in-person contacts per month in the delivery of planned ongoing employment support services.

Table 1 Schedule of Questioned Hours and Wages, July 1, 2015 - June 30, 2016

Base Program	Hours Reported	Hours Examined	Hours Variance	Wages Reported	Wages Examined	Wages Variance	Compliance Criterion
Worker A Soc Sec # reporting period	1560	1600	+40	12,000	12,600	600	1
Worker B Soc Sec # reporting period	40	39	(40)	800	800	(600)	6c
Worker C Soc Sec # reporting period	520	520	(160)	1500	1500	(511)	13
CE Variances	n/a	n/a	(160)	n/a	n/a	(\$511)	n/a
Worker D Soc Sec # reporting period	2080	520	(2080)	15,900	900	(15,900)	2,4
SE Variances	n/a	n/a	(2080)	n/a	n/a	(\$15,900)	n/a
Worker D Soc Sec # reporting period	0	1560	1560	0	5,000	5,000	1
CBE Variances	n/a	n/a	1560	n/a	n/a	5,000	n/a
Net Variances	n/a	n/a	(680)	n/a	n/a	(\$11,411)	n/a

HOURS IN SUBPROGRAM SAMPLES: SE _____; CE _____; CBE _____; TOTAL_____

(Note: If there are no questioned items to report, enter zero variances, report sample sizes, and include this schedule in the examination report.)

APPENDIX D: Schedule of Questioned Hours and Wages for New/Expanded Programs

Hours and Wages were questioned, and may be disallowed, due to these compliance criterion:

1. Audited wages/hours vary from reported hours. (Variance column could show increase or decrease in hours/wages.) Note failed procedure 1(A) and/or 1(B).

The following criteria caused the reported hours and wages to be questioned and are reported as negative numbers in the Variance columns:

1. Unable to verify eligibility for New/Expanded program participation. Note failed procedure 2(A), 2(B), 2(C), 2(D), 2(E), and/or 2(F).
2. Unable to verify appropriate hourly rates paid. Note failed procedure 3(A), 3(B), and/or 3(C).
3. Unable to verify integration of employment setting,
4. Unable to verify worker's receipt of required level of fundamental personnel benefits. Note failed procedure 5(A), 5(B), 5(C) and/or 5(D).
5. Unable to verify minimum requirements of worker dually funded by EE and Medical Assistance-funded programs. Note failed procedure 6(A) and/or 6(B).
6. Unable to verify severity of disability, functional limitations, or need for ongoing employment support services. Note failed procedure 7(A), 7(B) and/or 7(C).
7. EE Support Plan was unavailable, unsigned, or not reviewed and updated within the year, or every 6 months for workers in CBE subprogram. Note failed procedure 8(B), and/or 8(C).
8. EE Support Plan did not identify services to be provided.
9. Case records did not document services provided or services provided were not consistent with the EE Support Plan.
10. Case files did not document a minimum of two in-person contacts per month in the delivery of planned ongoing employment support services.

Table 2 Schedule of Questioned Hours and Wages for New/Expanded Programs, July 1, 2015 - June 30, 2016

Base Program	Hours Reported	Hours Examined	Hours Variance	Wages Reported	Wages Examined	Wages Variance	Compliance Criterion
Worker A Soc Sec # reporting period	1560	1600	+40	12,000	12,600	600	1
Worker B Soc Sec # reporting period	40	39	(40)	800	800	(600)	6c
Worker C Soc Sec # reporting period	520	520	(160)	1500	1500	(511)	13
CE Variances	n/a	n/a	(160)	n/a	n/a	(\$511)	n/a
Worker D Soc Sec # reporting period	2080	520	(2080)	15,900	900	(15,900)	2,4
SE Variances	n/a	n/a	(2080)	n/a	n/a	(\$15,900)	n/a
Worker D Soc Sec # reporting period	0	1560	1560	0	5,000	5,000	1
CBE Variances	n/a	n/a	1560	n/a	n/a	5,000	n/a
Net Variances	n/a	n/a	(680)	n/a	n/a	(\$11,411)	n/a

HOURS IN SUBPROGRAM SAMPLES: SE _____; CE N/A ___; CBE N/A ___; TOTAL _____

(Note: If there are no questioned items to report in the N/E program, enter zero variances, report sample sizes, and include this schedule in the examination report.)

APPENDIX G. 2016 Audit Procedures Checklist

Instructions: Complete and submit to DEED with the final audit report.

Criteria	Yes	No	Not Applicable
1. Management and auditor have met and reached an understanding of the criterion and procedures used in the audit.			
2. The scope is to examine management's written assertions about the Extended Employment provider's compliance with established criteria. The scope does not include an auditor's opinion on internal control over compliance. Management's assertions (Appendix A.) are included in the report.			
3. Supplemental schedules report all noncompliance found. Reported variances in reported hours and wages in the format provided by the DEED in Appendix C. <i>Schedule of Questioned Hours and Wages</i> , Appendix D. <i>Schedule of Questioned Hours and Wages for New/Expanded Programs</i> , Appendix E. <i>Community Support Fund Reconciliation</i> and Appendix F. <i>Center-based Employment Fund Reconciliation</i> . The schedules are appropriately modified to show only non compliance found.			
4. The opinion on compliance shall be for the period of the Extended Employment Program under examination.			
5. The audit report used the established criteria published by the DEED as shown in the samples. Criteria not applicable are disclosed on Appendix A. <i>Management Assertion Letter</i> .			
6. The same auditor was used for this compliance examination and the financial statement audit, and the firm conducting this examination did not perform the auditee's accounting or reporting of hours and wages to DEED. If any part of this assertion is not true, we have checked NO and the auditee has addressed this item in a response to the audit findings.			
7. Selected samples were selected from the DEED's report, titled <u><i>Listing of Reported Participants and Relevant Data</i></u> .			
8. The auditor tested 100% of the cases of workers reported for reimbursement by DEED under EE contracts for new or expanded programs.			

Criteria	Yes	No	Not Applicable
9. The auditee responded to the auditor's findings and included that response with the examination report to the DEED.			
10. The auditor reviewed the DEED's monitoring report.			
11. The auditor has obtained the signed pledge of an officer of the board of directors, who is not involved in the daily operations or management of the corporation, to present the audit report to the provider's Board or its designated committee. If not, or not applicable, the reasons are included in the provider's response to the DEED.			
12. The auditee produced, and delivered to DEED, an outcome measurement report as defined by CARF.			

We have reviewed the Audit Requirements Checklist, Audit Procedures Checklist, and the results of our Extended Employment compliance engagement with our auditor.

Signed: _____ date: _____
Executive Director

Signed: _____ date: _____
Officer, Board of Directors²

²Requires the signature of an officer of the board of directors who has no involvement in the daily operations or management of the corporation, and who is neither an employee nor contractor of the

APPENDIX H: 2016 Audit Requirements Checklist

Note: This checklist is to assist auditors by including important features of the audit. However, this list is not comprehensive and auditors will need to refer to the DEED’s standards for authoritative guidance. **This checklist is NOT to be submitted to the DEED.**

PART A: AUDIT CRITERION

1. Workers 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 *Listing of Reported Participants and Relevant Data* file.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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2. Workers reported to New/Expanded programs are persons who: (a) were not reported, by the provider, to the Extended Employment program in the contract period prior to the grant award; (b) are residents of a county specified in DEED’s 2013 grant award letter, (c) are diagnosed by a qualified healthcare professional with one of the disabilities specified in DEED’s 2013 grant award letter; and (d) receive the planned ongoing employment support services necessary to work in the competitive labor market.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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3. Workers have been paid appropriate hourly rates.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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4. Workers in Supported Employment perform their work in integrated settings.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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5. When the provider is the payroll agent, workers in DEED-certified Extended Employment locations and subprograms (a) receive fundamental personnel benefits proportionate to the full-time nonexempt staff, and (b) no worker earns less than the minimum annual accruals

of 5 days paid vacation, 5 days paid sick leave, and 5 paid holidays, or 10 days paid flexible leave and 5 paid holidays.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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6. Workers reported to the Extended Employment Program and enrolled in Medical Assistance (MA) Waiver programs are receiving separate and necessary services, and no duplicate funding is received by the provider.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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7. Workers are persons with a most severe disability, who have 3 or more serious functional limitations affecting employment, and who require ongoing employment support services to maintain or advance in employment.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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8. Workers have a current Extended Employment Support Plan developed with the informed consent of the worker, or the worker's legal guardian.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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9. The worker's Extended Employment Support Plan identifies the ongoing employment support services necessary for the worker to maintain and advance in employment.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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10. The ongoing employment support services provided to the worker are consistent with the services identified in the Extended Employment Support Plan.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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11. Workers receive a minimum of two in-person contacts per month in the delivery of ongoing employment support services.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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12. The provider's earnings against its EE contract for Center-based Employment have been determined and funds due the provider or the DEED are included in the report.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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13. The provider's earnings against its EE contract for Community Employment and/or Support Employment have been determined and funds due the provider or the DEED are included in the report.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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PART B: AUDIT PROCEDURES

1. The examination was conducted in accordance with Generally Accepted Auditing Standards contained in AICPA professional standards, Attestation Standards, Compliance Attestation, Examination Engagement.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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2. The scope is to examine management's written assertions about the Extended Employment provider's compliance with established criteria. The scope does not include an auditor's opinion on internal control over compliance. Management's assertions (Appendix A.) are included in the report.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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3. Supplemental reports of all noncompliance found issued. Sample sizes and variances in reported hours and wages in the format provided by the DEED in Appendix C. Schedule of Questioned Hours and Wages, Appendix D. Schedule of Questioned Hours and Wages for New/Expanded Programs, Appendix E. Community Support Fund Reconciliation, and Appendix F. Center-based Employment Fund Reconciliation. The schedules are

appropriately modified to show only non compliance found and the most significant sample size.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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4. The opinion on compliance shall be for the period of the Extended Employment Program under examination.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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5. The examination report used the established criteria published by the DEED as shown in the samples. Criteria not applicable to a given provider were disclosed.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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6. The same auditor for this compliance work and the financial statement audit were used, and if the firm performing this compliance examination is the same firm performing the accounting and/or reporting of hours and wages to DES, this is disclosed in the provider's response to the audit findings.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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7. Selected samples from the DEED's file, titled Listing of Reported Participants and Relevant Data. However, this listing should not be included in the final audit report, but instead its use should be referenced.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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8. Extended Employment provider responded to the auditor's findings and included that response with the examination report to the DEED. If the audit contained no exceptions, select not applicable below.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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9. The auditor reviewed the DEED's monitoring report. If the DEED did not produce a monitoring report, select not applicable below.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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10. The auditor has obtained the signed pledge of a board member (who is not active in the day to day operations) to present the audit report to the provider's Board or its designated committee. If not obtained, the reasons are included in the provider's response to audit findings.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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11. The auditor has obtained the signature of the Executive Director and a member of the Board of Directors who is not involved in the daily operation or management of the organization on the Management Assertion Letter and the Audit Procedures Checklist.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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12. The auditor has confirmed DEED's receipt of the provider's outcome management report for the most recent year.

<input type="checkbox"/> MET	<input type="checkbox"/> NOT MET	<input type="checkbox"/> NOT APPLICABLE
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