

F/EA Policies and Procedures Manual and F/EA Readiness Review: Key Components of Quality Management Systems for Self-Directed Services

Presented at:

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Workshop

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I. *Why Are F/EA Policies and Procedures Manuals Important?*

- A comprehensive Vendor F/EA Policies and Procedures Manual is essential for running an effective Government or Vendor Fiscal/Employer Agent entity.
 - Acts as the “blue print” for the Government or Vendor F/EA and functions (especially when key staff leave and take valuable institutional memory)
 - Gets Government or Vendor F/EA staff back on track when procedures are not being implemented consistently
 - Great training tool for new Government or Vendor F/EA staff
 - Particularly important when a Government F/EA uses a subagent or reporting agent or when a Vendor F/EA uses a reporting agent
 - Government or Vendor F/EA, and not its reporting or subagent, is liable with the program participant-employer for any noncompliance with federal or state employment tax rules and requirements
- Government and Vendor F/EAs and their subagents and reporting agents do not consistently have comprehensive F/EA policies and procedures manuals.

II. *What Should A F/EA Policies and Procedures Manual Include?*

- Government and Vendor F/EA Policies and Procedures Manual should:
 - Include a description of all F/EA tasks,
 - Include a description of internal controls for all F/EA tasks performed; these help the F/EA monitor how well the tasks are performed,
 - Be kept up-to-date,
 - Each policy and procedure should be dated, including updates,
 - Manual should be automated so staff have easy access (read-only) and its easy to update, and
 - Example completed federal and state employment tax, labor/US CIS self-directed program forms should be included.

- Government and Vendor F/EA manuals should include a policy and procedure for staying up-to-date with federal and state tax, labor, worker's compensation and program rules, regulations, forms and instructions.

- Government and Vendor F/EA manuals should include a policy and procedure for updating its F/EA policies and procedure manual at least annually and more frequently as necessary.

III. Why Are F/EA Readiness Reviews Important?

- Government and Vendor F/EAs are relatively new. Both vendors, state program agencies, reporting agents and subagents are not always completely knowledgeable about IRS and state requirements and procedures for F/EAs, household employers and domestic service workers.
- Since the ultimate responsibility for noncompliance lies with the state (IRS will follow the flow of funds), it is important for government program agencies to make sure that they execute administrative contracts and/or Medicaid provider agreements with Vendor F/EAs, reporting agents or subagents who can effectively do the job.
- Conducting an F/EA Readiness Review and assisting state program agencies accomplish this objective.
- The primary objective of a F/EA Readiness Review is to determine that the Government or Vendor F/EA and reporting or subagent (if used) has the knowledge, the systems and internal controls in place and documents to effectively perform the tasks required of a Government or Vendor F/EA.

IV. *What Are The Key Components Of A F/EA Readiness Review?*

- The scope of work of a F/EA Request for Proposal or Quote or Medicaid F/EA provider standards are the basis for a F/EA Readiness Review.
 - Incompleteness or vagueness hinders the effectiveness of the Review.
 - More rather than less due diligence is needed when a Government F/EA uses a reporting or subagent or a Vendor F/EA uses a reporting agent.
- The physical presence of a comprehensive F/EA Policies and Procedures Manual (including internal controls) for review is the cornerstone of any F/EA Readiness Review.
 - If a reporting or subagent is used by a Government F/EA or a reporting agent is used by a Vendor F/EA, there should be specific and comprehensive policies, procedures and internal controls for the task these entities perform and the line of communication from the F/EA to the reporting or subagent including the necessary periodic summary reports.
- State program agencies must define what “passing” is and standards must be objective, measurable, and able to stand up to appeals.
- States also should consider implementing periodic F/EA performance reviews once the F/EA is up and running, including the review of the performance of any reporting agent or subagent used.