

Financial Management Services Functional Requirements Tool Kit

This tool lists some requirements that providers of Financial Management Services (FMS) must have or may choose to have. These requirements may be refined by administrative entities implementing individual programs.

For many requirements listed, multiple approaches for meeting the requirement are presented with the pros and cons of each proposed approach. The approaches provided represent examples of methods for meeting requirements used in participant direction programs and are intended only to provide an example, not to direct a method. Individual programs may employ approaches not represented in this tool kit.

If only a single approach for meeting the requirement is recommended, "Approach" is listed and pros and cons of the approach are not presented. In some cases, presenting an "Approach" is not applicable, but rather the administrative entity and Financial Management Services Agency should develop a method for meeting the requirement for the specific program.

The "FMS Model" portion for each requirement lists "F/EA", "AwC" or "F/EA, AwC". This is to designate the FMS Model to which the requirement applies. "F/EA" indicates that the requirement applies to programs using a Fiscal/Employer Agent model, which can be either a Government Fiscal/Employer Agent or Vendor Fiscal/Employer Agent model. "AwC" indicates that the requirement applies to programs using an Agency with Choice model. If "F/EA, AwC" is listed, the requirement applies to both models.

This tool is not intended to include comprehensive FMS requirements for all programs, but rather should be used as an implementation resource. Upon implementing an individual program, the administrative entity may determine that additional FMS requirements must also be met.

"Must Have" FMS Functional Requirements begin on page 2. These are requirements that are highly recommended, if not required by regulation, for any program providing Financial Management Services.

"May Have" FMS Functional Requirements begin on page 19. These include requirements that apply to certain programs or those that have been reported as beneficial for certain existing programs providing Financial Management Services for participants.



Must Have Financial Management Services (FMS) Functional Requirements

Requirement	Share information and data with Counselors or Counseling entity as necessary.
FMS Model	F/EA, AwC
Approach 1	<i>Counselors and the FMSA have access to the same system(s) where real-time individual support plans, expenditures, participant, employer, worker and vendor data is stored. Roles and responsibilities of Counselor and FMSA are clearly defined.</i>
Pros of Approach 1	<i>Ensures FMSA and Counselor stakeholders have the same information at the same time.</i>
Cons of Approach 1	<i>Can be expensive to implement. Changes to data must be carefully coordinated between stakeholders.</i>
Approach 2	Counselors work with designated FMSA staff and communicate regularly via phone, e-mail and other methods to share relevant information with each other. Roles and responsibilities of Counselor and FMSA are clearly defined.
Pros of Approach 2	Less initial upfront investment required.
Cons of Approach 2	Difficult to monitor, develop internal controls, less efficient to scale rapidly.
Requirement	<p>Stay up-to-date and have a plan for staying up-to-date with Federal, State, Local and Program rules pertaining to the FMSA model implemented (AwC or F/EA) and household employers and employees (if F/EA model is implemented). FMSA updates forms, processes and policies per changes in rules and regulations appropriately. Examples of Federal, State, Local and Program rules, forms and regulations that must be monitored for changes and FMSA policies and processes updated accordingly, are those pertaining to:</p> <ul style="list-style-type: none"> • State Unemployment Insurance • State Income Tax Withholding • State Wage and Hour Rules (e.g. overtime, minimum wage, required pay day etc.) • State New Hire Reporting • Workers' Compensation • Unclaimed Property • Background Checks • Federal Unemployment Insurance • Social Security Tax • Medicare Tax • Federal Earned Income Credit • Fair Labor Standards Act • Year-End Tax, Wage and Earnings Statements • Electronic Files and Data Transmission • Electronic Data Security • HIPAA
FMS Model	F/EA, AwC
Approach 1	<i>FMSA has staff dedicated to verifying all Federal, State, Local and Program</i>



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	<i>rules, regulations and forms on some regular basis (at least monthly is suggested) and FMSA staff can ascertain which rules apply to the program and implement new forms or processes as applicable.</i>
<i>Pros of Approach 1</i>	<i>Can be handled within the FMSA without contracting with outside organizations or consultants. Over time, FMSA builds strong internal expertise.</i>
<i>Cons of Approach 1</i>	<i>Complete review is time intensive. Requires staff who are knowledgeable about Federal, State, Local and Program rules and can interpret and implement them in the self direction program as applicable. Internal controls must be in place to ensure rules and regulations are verified regularly and completely.</i>
Approach 2	Work with experts who provide regular information on changing rules and regulations. Work with national trade organizations such as the American Payroll Association.
Pros of Approach 2	Potentially less time intensive for FMSA staff. May get more complete rule and regulation updates more quickly than FMSA staff researching alone.
Cons of Approach 2	Relationships with multiple experts may be required to ensure that all requirements of staying up to date are met, including with Federal, State, Local and Program rules and regulations. Relying on outside consultants or organizations may make it more difficult to develop expertise to stay-up-to-date for FMSA staff.
Requirement	Have a disaster recovery plan in place for restoring electronic records, software and information systems capable of required functionality for at least limited FMS activity.
FMS Model	F/EA, AwC
Requirement	Have a system to obtain participant individual spending plan, including authorized workers/vendors and authorized rates of pay, for initial spending plan and any changes to spending plan.
FMS Model	F/EA, AwC
Approach 1	<i>Counseling entity meets with participant, completes participant spending plan, participant and Counselor authorize spending plan and spending plan is submitted to the FMSA via fax, mail or hand delivery..</i>
<i>Pros of Approach 1</i>	<i>Low initial investment required. Electronic data exchange and coordination not required between FMSA and Counseling entity.</i>
<i>Cons of Approach 1</i>	<i>Internal controls to ensure information has been exchanged completely and timely can be difficult to develop. Usually an increased time lag between developing and approving a spending plan and making payments from the spending plan.</i>
Approach 2	Counseling entity and FMSA have access to the same electronic spending plan system. Counseling entity works with participant to develop, approve and input spending plan. Once plan is input and approved, FMSA has immediate access to spending plan electronic data.
Pros of Approach 2	Faster data and information exchange. Time lag between developing and approving spending plan and making payments from plan can be much shorter than alternative approached. Case Management entity and FMSA have access to the same real-time data supporting all stakeholders to have up-to-date information.



Cons of Approach 2	Initial investment in software or infrastructure required. Electronic data must meet State, Federal and Local requirements.
Requirement	Make payroll and vendor payments in accordance with all program rules and regulations. For example, FMSA must have a process to ensure that payments are only made to workers who have met the program's credentialing or other requirements, as applicable.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>FMSA has a rules based payment or accounting system or database that allows customizable program level or individual participant rules to be developed and enforced. Using participant, worker, vendor, spending plan and program rule data, system flags payments that are out of compliance and prevents their payment until compliance is met.</i>
<i>Pros of Approach 1</i>	<i>Well-developed system can provide robust internal controls and diminish occurrence of payments that are out of compliance with program rules.</i>
<i>Cons of Approach 1</i>	<i>Initial investment to purchase or develop system can be significant.</i>
Approach 2	FMSA staff manually review each timesheet or invoice, comparing it to participant, worker, vendor, spending plan and program rule data and do not process payments that are out of compliance with program rules.
Pros of Approach 2	Can usually be implemented without a significant initial investment in software or information systems.
Cons of Approach 2	Can be more difficult to monitor, develop internal controls. Can be difficult to scale process for large population of participants, workers or vendors.
Requirement	Have a system to accurately report payments made on behalf of participants in accordance with spending plan and submit data for reimbursement to appropriate entity in appropriate format. Data for reimbursement must include accurate employer tax costs as applicable.
<u>FMS Model</u>	F/EA, AwC
Requirement	Have a process to receive, disburse and track funds for individual participant spending plan, ensuring that funds are used only for goods and services authorized in participant's spending plan.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>FMSA has a separate bank account for program funds and does not permit mingling with any other funds. Payments are made in accordance with participant spending plans and funds are withdrawn from the applicable bank account.</i>
<i>Pros of Approach 1</i>	<i>Program funds can be placed in interest bearing or non-interest bearing account per program rules. Program funds are used for their designated purpose only. Program specific bank reconciliations can be conducted and shared with stakeholders as required.</i>
<i>Cons of Approach 1</i>	<i>FMSA must have capability to make payments from multiple bank accounts if multiple programs are served by the FMSA.</i>
Requirement	Store records in accordance with Internal Revenue Service (IRS), United States Citizen and Immigration Service (US CIS), State Income Tax agency, State Unemployment agency, State wage and hour, HIPAA, Administration on Aging, Veterans Administration and other record management and retention rules and regulations.
<u>FMS Model</u>	F/EA, AwC



<i>Approach 1</i>	<i>Determine the most stringent record retention requirements and store all records per those requirements.</i>
<i>Pros of Approach 1</i>	<i>All records are retained per most conservative approach. All records pertaining to a participant, worker or vendor can be stored using the same approach.</i>
<i>Cons of Approach 1</i>	<i>Can be expensive to maintain.</i>
<i>Approach 2</i>	Retain records per requirements for each type of record.
<i>Pros of Approach 2</i>	Records are retained per individual requirements and no records are retained longer or under more stringent requirements than required for the record type. Storage can be less expensive to maintain.
<i>Cons of Approach 2</i>	Different processes and standards must be developed and adhered to for each record type. A participant, worker or vendor file may retain some records for some length of time, but not others, resulting in incomplete files over time.
Requirement	<p>Develop and distribute packages of required forms for participants or their representatives to serve as the employer of directly hired workers and to authorize the FMSA to act as the employer's agent for payroll and tax withholding, depositing and filing purposes. Such forms will hereby be referred to as "Employer Enrollment Packages." Required forms include:</p> <ul style="list-style-type: none"> • IRS Form SS-4, <i>Application for Federal Employer Identification Number</i> • IRS Form 2678, <i>Employer Appointment of Agent</i> • IRS Form 8821, <i>Tax Information Authorization</i> • State Income Tax Withholding application for account number • State-specific form to authorize agent to act on behalf of employer for State Income Tax Withholding purposes (may be a Power of Attorney form), as applicable • State Unemployment Tax Withholding application for account number¹ • State-specific form to authorize agent to act on behalf of employer for State Unemployment Tax purposes (may be a Power of Attorney form), as applicable • Local Tax application for account number, if applicable • Locality-specific form to authorize agent to act on behalf of employer for Local Tax purposes (may be a Power of Attorney form), if applicable
<u>FMS Model</u>	F/EA
<i>Approach 1</i>	<i>The FMSA conducts group employer enrollment and skills training workshops, wherein participants learn the FMSA's role and responsibilities, the participant's role and responsibilities in relation to Financial Management Services and employer skills. During the workshop, the</i>

¹ In some cases, submitting a form to the State Unemployment Tax agency to apply for a State Unemployment Account number for an employer may not be required or allowed until the employer has become liable for State Unemployment Tax. In these cases, the state may require an "Employer Status Report" to be completed for the employer. Using information from the "Employer Status Report", the State will assign the employer a State Unemployment Account number as appropriate.



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	<i>FMSA explains each form that is required for the participant to be an employer of their own directly hired workers and to designate payroll, tax withholding, depositing and filing duties to the FMSA. The FMSA may pre-populate the Employer Enrollment Packages with program and participant specific data so that the participant must review and sign each form, but the participant need not complete other parts of each form.</i>
<i>Pros of Approach 1</i>	<i>FMSA conducted workshop approach allows participants and FMSA to interact, for participants to ask questions of or make recommendations to the FMSA and for the FMSA to learn more about how participants will be best served. When participants complete employer forms with the FMSA present, the FMSA can explain forms in great detail and/or answer individual questions about the forms. By collecting forms from participants onsite, the time lag between participant form completion and FMSA form processing is diminished. Postage costs can also be defrayed.</i>
<i>Cons of Approach 1</i>	<i>Can be time, labor and cost intensive for participants, FMSA and other stakeholders. FMSA must be sufficiently culturally competent and able to effectively communicate Financial Services concepts.</i>
<i>Approach 2</i>	<i>Counselors distribute Employer Enrollment Packages to participants, helping participants to complete them and answering any questions about FMS, the FMSA and the participant's role and responsibilities as related to FMS. Forms may be pre-populated with program and participant specific data so that the participant must review and sign each form, but the participant need not complete other parts of each form.</i>
<i>Pros of Approach 2</i>	<i>Can streamline spending plan development and Employer Enrollment Package completion, while enabling the participant to maintain a single point of contact, the Counselor. Participant does not interface directly with FMSA (pro and con).</i>
<i>Cons of Approach 2</i>	<i>Counselor's time spent with participant may be greater than otherwise. Counselor may not have FMS expertise to sufficiently answer participant FMS questions or guide the participant through the Employer Enrollment Package. Participant does not interface directly with FMSA (pro and con).</i>
<i>Approach 3</i>	<i>Counselors or the FMSA mail Employer Enrollment Packages to participants with detailed instructions and sample completed forms. Participants review and complete forms and mail them to the Counseling entity or FMSA.</i>
<i>Pros of Approach 3</i>	<i>Can be least expensive approach. Permits participant to complete forms without FMSA or Counseling staff and to seek input from non-FMSA or Counseling staff.</i>
<i>Cons of Approach 3</i>	<i>Time lag between mailing Packages to participant, participant completion of forms and mailing forms back to FMSA/Counseling Entity can be great, therefore increasing the time between the participant enrolling in the program and receiving services from directly hired workers. Participant access to asking questions about the forms of the Counselor or FMSA can be strained.</i>
Requirement	<i>Produce Employer Enrollment Packages for participants to serve as the employer of directly hired workers and to authorize the FMSA to act as the employer's agent for payroll and tax withholding, depositing and filing purposes.</i>



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<u>FMS Model</u>	F/EA
<i>Approach 1</i>	<i>FMSA produces package of Federal, State, Local and Program forms that can be populated with program and participant specific data and printed. The participant need not complete the form with the participant's demographic data, but rather review and sign each form.</i>
<i>Pros of Approach 1</i>	<i>Forms are -populated with participant and program data, requiring participants to spend less time and energy completing paperwork and ensuring that forms are completed as required for Program, FMSA and tax purposes. Enrollment Packages are printed as needed, so the appropriate amount of packages is always available. By not pre-printing packages, changes to forms, instructions or pre-population can be made in real-time without discarding pre-printed, outdated packages. This is a cost saver.</i>
<i>Cons of Approach 1</i>	<i>May require an initial investment in appropriate software.</i>
<i>Approach 2</i>	Employer Enrollment Packages are pre-printed without participant specific information or the Employer Enrollment Package template is available electronically and can be printed (without participant specific information). When a new participant wishes to enroll, a package is copied or printed for the participant. The participant completes the package with the participant's demographic data and signs each form.
<i>Pros of Approach 2</i>	An initial investment in software may not be required. If one is required, the investment is likely less than that of Approach 1.
<i>Cons of Approach 2</i>	Participants must complete more form data by hand, leading to errors and a time and labor intensive process for the participant. Increased form errors can require the FMSA to return improperly completed forms to the participant for correction, thereby increasing the time for a participant to directly hire workers. If Package templates are printed in advance and stored as inventory and a form changes, all pre-printed forms will either need to be discarded or manually updated with applicable updated forms.
Requirement	Receive and process Employer Enrollment Packages, verifying each form for correctness and submitting forms to applicable Federal, State and Local tax agencies as appropriate. After submitting forms, obtaining applicable account numbers and authorization and storing information such that it is used appropriately for payroll, tax withholding, filing and depositing purposes.
<u>FMS Model</u>	F/EA
<i>Approach 1</i>	<i>FMSA receives each Employer Enrollment Package and verifies each manually, tracking if the form is accurately completed or not in a program database. The program database's rules tell the FMSA user when a form should be sent to a particular tax agency, if it requires correction by the participant or other party. The system automatically sends e-mail reminders to Counselors, the participant or other stakeholders. System data is viewable by the Counselor so the Counselor can easily ascertain a participant's status in the enrollment process and communicate with stakeholders accordingly.</i>
<i>Pros of Approach 1</i>	<i>Significant data can be automatically stored as part of the process, without requiring additional effort by participants, Counselors or FMSA staff. Data can be used for dashboard metrics or reports showing several measures,</i>



	<i>including the time between a participant receiving an Employer Enrollment Package and the participant hiring workers. Internal Controls for form accuracy can be robust. Information can be easy to share between multiple stakeholders. Data is transparent.</i>
<i>Cons of Approach 1</i>	<i>Can require a significant investment. FMSA staff, Counselors or Participants may not be interested in using a computerized method to verify form accuracy, track receipt of account numbers or agent authorizations.</i>
Approach 2	Counseling entity receives each completed Employer Enrollment Package from participant and verifies package for completion. Counselor follows up with participant for corrections as needed. After receiving verified package, Counselor submits package to FMSA. FMSA process package, submitting required forms to tax agencies and tracking receipt of account numbers and authorizations. FMSA shares participant enrollment status with Counselor as requested by Counselor.
Pros of Approach 2	Initial software and/or information systems investment may be less. Counselor is primary point of contact with participant. FMSA interfaces with participant less, thereby adopting an increased "back-office" role. Could reduce cost of FMS, but increase cost of Case Management.
Cons of Approach 2	Internal controls are usually more difficult to enforce and monitor. Sharing information across stakeholders may not be as efficient as for Approach 1. Collecting data for reports and dashboard metrics may be cost or time intensive.
Requirement	Develop and distribute packages of required forms for workers to be employed directly by the participant (in a Fiscal/Employer Agent model) or to be employed by the agency (in an Agency with Choice model). This package of forms will hereby be referred to as the "Worker Employment Package." The Worker Employment Package should contain, at a minimum: <ul style="list-style-type: none"> • Participant/Employee Employment Agreement • Form to disclose whether the worker is the spouse, child or parent of the employer (per IRS Publication 15 – Circular E). This is used for Federal Unemployment Tax (FUTA), Social Security and Medicare Tax (FICA) and in some cases State Unemployment Tax exemptions. • IRS Form W-4, <i>Employee Withholding Allowance Certificate</i> • State version of Form W-4 for State Income Tax Withholding purposes, if applicable² • IRS Notice 797, <i>Possible Federal Tax Refund Due to the Earned Income Credit (EIC)</i> • US CIS Form I-9, <i>Employment Eligibility Verification</i> • Local Income Tax Exemption and Allowance Certificate, as applicable
FMS Model	F/EA, AwC

² Some states have state specific versions of IRS Form W-4 for State Income Tax Withholding purposes. Some states use withholding and allowance data as reported on the IRS Form W-4 for State Income Tax Withholding purposes.



<i>Approach 1</i>	<i>FMSA or Counselor distribute Worker Employment Packages to the participant or direct the participant to a web-based location where the participant can download and print the Worker Employment Package. The Participant distributes the Worker Employment Package to prospective workers.</i>
<i>Pros of Approach 1</i>	<i>Participant takes lead role in distributing packages and monitoring package completion as the employer. Worker communicates directly with participant rather than with the Counselor or FMSA. Significant communication with the Counselor or FMSA can confuse who is the employer when the participant should be fully supported to be the employer.</i>
<i>Cons of Approach 1</i>	<i>The participant takes on additional administrative duty. The participant must ensure that the Package provided to the worker is accurate and up-to-date. The Participant may incur printing or distribution costs.</i>
<i>Approach 2</i>	<i>The participant or worker contact the FMSA or Counselor when the participant is considering a new worker for hire. The FMSA or Counselor mails, faxes or delivers the Worker Employment Package directly to the worker with instructions for how to complete the package. The worker takes the package to the participant for the participant's review and signature as required. The participant makes a copy of the package for the participant's records. The participant or worker submits the completed package to the FMSA or Counselor.</i>
<i>Pros of Approach 2</i>	<i>The participant has reduced administrative duty as compared to Approach 1. It is the FMSA or Counselor's responsibility, not the participant's, to ensure that the worker receives correct Worker Employment forms. The participant need not keep Worker Employment Packages on hand.</i>
<i>Cons of Approach 2</i>	<i>Confusion can arise for the worker regarding who is the worker's employer. Printing and distribution costs are borne by the FMSA or Counselor.</i>
Requirement	<i>Receive and process Worker Employment Packages, verifying forms for accuracy and completeness and processing allowances and exemptions to ensure proper Federal and State Income tax, FICA and Federal and State Unemployment tax withholding and computing. Review and process IRS Forms W-5, <i>Earned Income Credit Advance Payment Certificate</i>, as applicable.</i>
<u>FMS Model</u>	<i>F/EA, AwC³</i>
<i>Approach 1</i>	<i>FMSA collects Worker Employment Packages, verifies them for completeness and follows up with the participant for any required clarification or correction.</i>
<i>Pros of Approach 1</i>	<i>This approach is appropriate for the F/EA model as the participant is the employer and should communicate with workers to make any corrections to Worker Employment forms.</i>
<i>Cons of Approach 1</i>	<i>Not appropriate for AwC model.</i>
<i>Approach 2</i>	<i>FMSA collects Worker Employment Packages, verifies them for completeness and follows up with the worker for any required clarification or</i>

³ FICA, State Unemployment and Federal Unemployment exemptions will not apply for AwC because employees in the AwC model are not considered “household” or “domestic” and are the employees of the agency instead of the participant and therefore do not qualify for domestic employer, family-based exemptions.



	correction.
Pros of Approach 2	This approach is appropriate for the AwC model since the worker is the employee of the Agency, not the participant. The Agency, as employer, should communicate with workers to make any corrections to Worker Employment forms.
Cons of Approach 2	Not appropriate for F/EA model.
Requirement	Have a Federal Employer Identification Number (FEIN) that is separate from the FEIN used by the F/EA to file and deposit taxes for its own employees. This separate Federal Employer Identification Number is used by the F/EA to make aggregate Federal Income Tax, FICA, and FUTA ⁴ deposits and to file appropriate returns, including IRS Forms W-2,
<u>FMS Model</u>	F/EA
Requirement	Obtain a Federal Employer Identification Number (FEIN) on behalf of each participant or representative who is the employer of workers. Maintain a copy of FEIN Notification and the completed copy of IRS Form SS-4, <i>Application for Employer Identification Number</i> for each participant. This FEIN is used on IRS Form 2678, <i>Employer Appointment of Agent</i> for the employer to designate the F/EA as the employer's agent under Section 3504 of the Internal Revenue Code. The FEIN may also be used for State Income Tax Withholding or State Unemployment Tax purposes.
<u>FMS Model</u>	F/EA
<i>Approach 1</i>	<i>Mail Form SS-4, Application for Employer Identification Number to the IRS. IRS will process form and return a Notice of the employer's assigned FEIN to the employer and any Third Party Designee listed on IRS Form SS-4.</i>
<i>Pros of Approach 1</i>	<i>Additional processing by the FMSA is not required after the participant completes the IRS Form SS-4 and the Form is verified. The FMSA simply mails the form to the IRS and tracks receipt of the FEIN. The IRS does not impose a limit on the number of Forms SS-4 that can be mailed at once.</i>
<i>Cons of Approach 1</i>	<i>Submitting the form by mail requires postage cost. The time between submitting a Form SS-4 to the IRS by mail and obtaining a FEIN by mail can take 30 to 90 days. This time lag impacts when a participant can hire workers because the participant must have the FEIN prior to paying workers.</i>
Approach 2	Fax the completed Form SS-4 to the IRS dedicated FEIN fax line (see www.irs.gov).
Pros of Approach 2	Forms SS-4 can be faxed to the IRS in batches of 10 Forms SS-4 or less.
Cons of Approach 2	The IRS often loses track of faxed forms, requiring faxed forms to be diligently tracked by the F/EA. The IRS commits to faxing FEINs to the F/EA within ten (10) business days of receiving a faxed Form SS-4. This

⁴ Notice 2003-70 specifies that government entities that serve as a Fiscal/Employer Agent (a Government F/EA) should always file and deposit FUTA in the aggregate on behalf of all participant employers using the agent's separate FEIN. When the F/EA is not a government entity (a Vendor F/EA), IRS Revenue Procedures specify that FUTA should be filed and deposited on behalf of each individual participant using the participant's individual FEIN. However, at the 2005 IRS Fiscal/Employer Agent conference in Baltimore, MD, IRS representatives directed Vendor Fiscal/Employer Agents to file and deposit FUTA in the aggregate, as do Government F/EAs, until further notice. The IRS is working on an initiative to formalize the process for Vendor F/EAs to file and deposit FUTA in the aggregate.



	deadline is often unmet, requiring the FMSA to call the IRS to follow-up on Forms SS-4. This time lag impacts when a participant can hire workers because the participant must have the FEIN prior to paying workers.
<i>Approach 3</i>	<i>Call the IRS' FEIN hotline at 1-800-829-4933. Obtain the FEIN over the phone.</i>
<i>Pros of Approach 3</i>	<i>The FEIN can be obtained over the phone, the same day the call is placed. The process takes between 5 and 10 minutes per Form SS-4 and FEIN.</i>
<i>Cons of Approach 3</i>	<i>The caller must read each line of Form SS-4 to the IRS representative and afterward must fax the Form SS-4 to the IRS Representative. The process takes between 5 and 10 minutes per Form SS-4/FEIN. The IRS will not issue more than 3 FEINs in a single phone call. After 3 FEINs have been issued, the caller must hang up and dial again. Hold time varies, but can be as much as 45 minutes during peak business hours.</i>
Requirement	Register each participant employer and apply for and obtain all employer account numbers on behalf of each participant employer for State and Local Tax purposes. Store and maintain assigned account numbers. State and Local Tax account numbers may be obtained and used for depositing and filing applicable taxes: <ul style="list-style-type: none"> • State Income Tax Withholding • State Unemployment Insurance Tax • Local Tax(es)
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>Per State requirements. Some states have online registration options and others require submission of a paper registration form.</i>
Requirement	Submit IRS Forms 2678, <i>Employer Appointment of Agent</i> , executed by both the participant and the agent to the IRS to obtain approval for the agent to represent the employer under Section 3504 of the Internal Revenue Code. Each IRS Form 2678 must include the participant's individual FEIN. Upon approving the agent to represent the employer, the IRS will issue notice LTR-1997C to the agent and the employer. The agent must maintain this notice. ⁵
<u>FMS Model</u>	F/EA
<i>Approach</i>	See IRS instructions for submitting executed IRS Forms 2678 (http://www.irs.gov/pub/irs-pdf/f2678.pdf).
Requirement	Submit IRS Forms 8821, <i>Tax Information Authorization</i> , executed by the participant employer, to the IRS to obtain approval for the agent or specific employees of the agent to request and obtain employer information for purposes of Federal Employer taxes, including Federal Unemployment Tax. Each IRS Form 8821 must include the participant's individual FEIN and the

⁵ Until notice LTR-1997C is issued, the agent is *not* jointly liable for the employer's unfulfilled tax obligations under Section 3504 of the Internal Revenue Code. The IRS estimates that LTR-1997C approving the agent to represent the employer is issued within 60 days of the IRS receiving an executed IRS Form 2678. As the agent is not liable for the employer's tax obligations until LTR-1997C is issued, it is recommended that a.) the agent not issue checks subject to Federal taxes on behalf of the employer until LTR-1997C is issued or b). the entity that contracts with the agent maintains a separate agreement holding the agent liable for the employer's tax obligations at least until LTR-1997C is issued by the IRS.



	<p>appointees' Central Authorization File (CAF) number, if the appointee has been assigned one by the IRS. If the appointee has not yet been assigned a CAF number, the CAF number field can be left blank. This will trigger the IRS to assign a CAF number to the individual and mail it to the address for the individual as reported on IRS Form 8821.</p>
FMS Model	F/EA
Approach	<p>See IRS instructions for submitting executed IRS Forms 8821 (http://www.irs.gov/pub/irs-pdf/f8821.pdf)</p>
Requirement	<p>Retire employer FEIN and State and Local account numbers and revoke all Federal and State agent authorization if the participant ceases to be an employer. Employer account numbers and agent authorization must be retired or revoked per each tax agency's requirements. Employer account numbers that require retirement are:</p> <ul style="list-style-type: none"> • Federal Employer Identification Number (FEIN) • State Income Tax Withholding Account Number • State Unemployment Tax Account Number • Local Tax Account Number • Other Employer Account Numbers as applicable to the State or Locality <p>Agent Authorizations that requires revocation are:</p> <ul style="list-style-type: none"> • IRS Form 2678, <i>Employer Appointment of Agent</i> • IRS Form 8821, <i>Tax Information Authorization</i> • Any State Income Tax Withholding Authorization, including State Power of Attorney forms • Any State Unemployment Tax Authorization, including State Power of Attorney forms • Any Local Tax Authorization, including Local Power of Attorney forms
FMS Model	F/EA
Approach	<p>Retire an FEIN: http://www.irs.gov/businesses/small/article/0,,id=177073,00.html Revoke IRS Form 2678 (see instructions): http://www.irs.gov/pub/irs-pdf/f2678.pdf. Revoke IRS Form 8821 (see instructions): http://www.irs.gov/pub/irs-pdf/f8821.pdf</p> <p><i>State and Local Account Numbers and Authorizations are subject to State and form-specific requirements.</i></p>
Requirement	<p>Submit any State or Local forms required for an agent to have authorization to represent an employer for State or Local Tax purposes. This may be a State Tax specific Power of Attorney form. State and Local Taxes that may require authorization to be filed for an agent to represent an employer are:</p> <ul style="list-style-type: none"> • State Income Tax Withholding • State Unemployment Insurance Tax • Local Tax(es)



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<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>State, Local and Form specific instructions apply.</i>
Requirement	Maintain FMSA, participant, representative, worker and vendor records per requirements stipulated by the Veterans' Administration (VA), the Administration on Aging (AoA), the State Unit on Aging (SUA) or the Area Agency on Aging (AAA).
<u>FMS Model</u>	F/EA, AwC
Requirement	Report New Hires per State requirements. For participants who directly hire workers, the FMSA must report the participants' employees per State New Hire requirements. For the Agency with Choice model, the FMSA must report employees hired by the Agency with Choice per State New Hire Requirements. Most states require New Hires and Re-hires to be reported to the State New Hire agency within a certain number of days of New Hire or Re-hire. Reporting within 20 days of New Hire or Re-hire is common, but the reporting requirement varies by state.
<u>FMS Model</u>	F/EA, AwC
<i>Approach</i>	<i>Per State requirements. Some states have online registration options and others require submission of a paper registration form.</i>
Requirement	Deposit Employee Federal Income Tax, Employee Social Security Tax, Employee Medicare Tax, Employer Social Security Tax and Employer Medicare Tax, minus any Advanced Earned Income Credits, in aggregate for all participants served by the F/EA using the F/EA's separate FEIN per the required deposit schedule. Maintain records as required by the IRS and AoA, VA, SUA, or AAA.
<u>FMS Model</u>	F/EA
<i>Approach</i>	See page 19 of IRS Publication 15, Circular E, 2009 Employer's Tax Guide: http://www.irs.gov/pub/irs-pdf/p15.pdf <i>Depending on the amount and frequency deposited, the F/EA may be required to deposit using the IRS' electronic filing system, EFTPS. The F/EA may be permitted to deposit by completing IRS Form 8109, Federal tax Deposit Coupon, and submitting the coupon and payment to an entity authorized to transmit Federal employer tax deposits, such as a bank, or using IRS Form 941-V, Payment Voucher, and a paper check to deposit with a timely filed IRS Form 941.</i>
Requirement	File IRS Form 941, <i>Employer's Quarterly Federal Tax Report</i> and IRS Form 941 Schedule B, <i>Report of Tax Liability for Semiweekly Schedule Depositors</i> (as applicable dependent on required deposit frequency) using the F/EA's separate FEIN. File IRS Forms 941 and 941 Schedule B using aggregate information on behalf of all participants represented by the F/EA. Maintain records as required by the IRS and AoA, VA, SUA, or AAA.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>File IRS Form 941 and 941 Schedule B per Notice 2003-70 (http://www.irs.gov/irb/2003-43_IRB/ar09.html) and per IRS Form 941 Instructions (http://www.irs.gov/pub/irs-pdf/i941.pdf)</i>
Requirement	Refund any Employer Social Security and Medicare Taxes (FICA) and any Employee FICA taxes for employees who did not earn the required annual



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	gross wage amount or more for which Employer and Employee FICA is required to be calculated, withheld and deposited for household employees. (See page 1 of IRS Publication 15 Circular E: http://www.irs.gov/pub/irs-pdf/p15.pdf) Return the employee portion of withheld FICA to each employee. Return the employer portion of withheld FICA as appropriate. If Employer FICA is paid from the participant's budget or spending plan, the returned Employer FICA may be credited there. If Employer FICA is paid by the SUA, AAA or some other entity, the returned FICA may be credited there.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>In accordance with a letter dated December 15, 2005 from the IRS outlining FICA refunding procedures and in accordance with any AoA, VA, SUA, or AAA requirements.</i>
Requirement	Deposit Employer Federal Unemployment Taxes (FUTA), in aggregate on behalf of all participants represented by the F/EA ⁶ per the required deposit schedule.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>See page 19 of IRS Publication 15, Circular E, 2009 Employer's Tax Guide: http://www.irs.gov/pub/irs-pdf/p15.pdf</i> <i>Depending on the amount and frequency deposited, the F/EA may be required to deposit using the IRS' electronic filing system, EFTPS. The F/EA may be permitted to deposit by completing IRS Form 8109, Federal tax Deposit Coupon, and submitting the coupon and payment to an entity authorized to transmit Federal employer tax deposits, such as a bank, or using IRS Form 940-V, Payment Voucher, and a paper check to deposit with a timely filed IRS Form 940.</i>
Requirement	File IRS Form 940, <i>Employer's Annual Federal Unemployment (FUTA) Report</i> using the F/EA's separate FEIN. File IRS Form 940 using aggregate information on behalf of all participants represented by the F/EA. Maintain records as required by the IRS and AoA, VA, SUA, or AAA.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>File IRS Form 941 and 941 Schedule B per Notice 2003-70 (http://www.irs.gov/irb/2003-43_IRB/ar09.html) and per IRS Form 940 Instructions (http://www.irs.gov/instructions/i940/index.html)</i>
Requirement	Deposit withheld State Income Tax per State requirements and deposit schedule. Maintain records as required by the IRS and AoA, VA, SUA, or AAA.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>Most states require F/EAs to deposit withheld State Income Tax individually on behalf of each participant employer using that participant employer's State Income Tax Account Number and individual deposit schedule. Some</i>

⁶ Per IRS Notice 2003-70, Government F/EAs are required to file and deposit FUTA in the aggregate on behalf of all participants represented using the F/EA's separate FEIN. Per verbal instruction provided by IRS staff on December 5, 2005 at the National F/EA Workshop in Baltimore, MD, Vendor F/EAs should also file and deposit FUTA in the aggregate on behalf of all participants represented using the F/EA's separate FEIN until further notice.



	<i>states, however, allow or require an F/EA to deposit State Income Tax as a "common pay agent" or another title as defined by the state. With this method, the F/EA deposits withheld State Income Tax on behalf of all participants using the F/EA's separate FEIN. Individual or aggregate deposits may be required to be made electronically, via phone or on paper. Research state-specific State Income Tax Withholding requirements and deposit accordingly.</i>
Requirement	File reports of withheld State Income Tax per State requirements and filing schedule. Requirements usually include filing quarterly and annual reconciliation reports. Annual reconciliation reports may be submitted with State copies of IRS Forms W-2. Maintain records as required by the State and AoA, VA, SUA, or AAA.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>Most states require F/EAs to file withheld State Income Tax individually on behalf of each participant employer using that participant employer's State Income Tax Account Number and individual filing schedule. Some states, however, allow or require an F/EA to file withheld State Income Tax as a "common pay agent" or another title as defined by the state. With this method, the F/EA files withheld State Income Tax on behalf of all participants using the F/EA's separate FEIN. Individual or aggregate reports may be required to be made electronically, via phone or on paper. Research state-specific State Income Tax Withholding requirements and file accordingly.</i>
Requirement	Deposit State Income Taxes and submit State Income Tax Returns for non-resident employees per the Employer's State of Residence and the Employee's State of Residence requirements. Maintain records as required by the State(s) and AoA, VA, SUA, or AAA.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>Per State requirements.</i>
Requirement	Deposit Employer (and Employee, if applicable) State Unemployment Tax per State requirements and deposit schedule upon and after the Employer meets requirements to be liable for State Unemployment Tax. Do not deposit State Unemployment Tax for any employees who are exempt from State Unemployment Tax ⁷ . Maintain records as required by the State and AoA, VA, SUA, or AAA.
<u>FMS Model</u>	F/EA
<i>Approach</i>	<i>As of February 2009, Boston College is not aware of any states that do not require F/EAs to deposit State Unemployment Tax individually on behalf of each participant employer using that participant employer's State Unemployment Tax Account Number and individual deposit schedule. Before implementing a program in a state, work with the State Unemployment Tax Agency to verify deposit requirements for F/EAs representing multiple participant employers. Research state-specific State Unemployment Tax requirements and deposit accordingly.</i>

⁷ Many states exempt from State Unemployment Tax requirements any household employees who are employed by a spouse, child or parent.



Requirement	File reports of Employer (and Employee, if applicable) State Unemployment Tax and wages per State requirements and reporting schedule upon and after the Employer meets requirements to be liable for State Unemployment Tax. Do not report State Unemployment Tax or wages for any employees who are exempt from State Unemployment Tax, unless otherwise directed by the State Unemployment Tax agency ⁸ . Requirements usually include filing quarterly reports and, in some cases, annual reconciliation reports. Maintain records as required by the State and AoA, VA, SUA, or AAA.
FMS Model	F/EA
Approach	<i>As of February 2009, Boston College is not aware of any states that do not require F/EAs to file State Unemployment Tax reports individually on behalf of each participant employer using that participant employer's State Unemployment Tax Account Number and individual filing schedule. Before implementing a program in a state, work with the State Unemployment Tax Agency to verify reporting requirements for F/EAs representing multiple participant employers. Research state-specific State Unemployment Tax requirements and deposit accordingly. Maintain records as required by the State and AoA, VA, SUA, or AAA.</i>
Requirement	Deposit withheld Employee or calculated Employer Local Taxes per Locality requirements and deposit schedule. Maintain records as required by the State and/or Locality and AoA, VA, SUA, or AAA.
FMS Model	F/EA
Approach	<i>Varies by tax type and locality. Research Locality-specific taxes and deposit accordingly.</i>
Requirement	File required Local Tax reports per Locality requirements and reporting schedule. Maintain records as required by the State and/or Locality and AoA, VA, SUA, or AAA.
FMS Model	F/EA
Approach	<i>Varies by tax type and locality. Research Locality-specific taxes and report accordingly.</i>
Requirement	<p>Conduct any worker background checks as required by the State Unit on Aging (SUA), Area Agency on Aging (AAA) or to meet other requirements. Background checks may include:</p> <ul style="list-style-type: none"> • Abuse Registry Checks • Criminal Background Checks • Driving Record Checks • Credit Checks <p>Particular background checks may be required for all workers performing any service, or the background checks may be required only under certain circumstances, such as:</p> <ul style="list-style-type: none"> • For Workers Providing Certain Services (e.g. a driving record check for a worker providing transportation) • For Workers Serving Minors (e.g. a Child Abuse Registry Check

⁸ Many states exempt from State Unemployment Tax requirements any household employees who are employed by a spouse, child or parent.



	for workers serving individuals under age 21).
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>The FMSA conducts all worker background checks and tracks the results of such checks. The FMSA provides information to participants, Counselors or other stakeholders regarding a worker's background check status. The FMSA does not pay any workers who do not meet background check standards as developed for the program and the particular service provided or participant served.</i>
<i>Pros of Approach 1</i>	<i>Background checks are managed in a central location and information that relates to whether a worker meets background check standards required for payment are first provided to the FMSA payer. Worker confidential background information is maintained by the FMSA and the FMSA is responsible for maintaining the internal controls required to protect confidential information.</i>
<i>Cons of Approach 1</i>	<i>The FMSA has information on workers who may not yet have met requirements to be approved to provide service and receive payment. This means that the FMSA is managing information for workers who the FMSA may not pay, therefore increasing the FMSA workload. This could impact the cost of FMS. How background checks are paid for and reimbursed to the FMSA must be managed and defined. In some cases, stipulations about reimbursement for background checks make this option difficult.</i>
<i>Approach 2</i>	<i>The Counseling entity performs background checks and tracks the results of such checks. The Counselor shares the status of such checks with participants and informs the participant when a worker has not met requirements and another worker must be sought. The Counseling Entity or Participant only submit Worker Employment Packages or referrals to hire a worker to the FMSA <i>after</i> the worker has satisfactorily met background check requirements.</i>
<i>Pros of Approach 2</i>	<i>The FMSA does not receive worker information until a worker has met background check requirements. This internal control prevents the FMSA from paying any workers who have not met background check requirements. The FMSA is also not required to manage information for any workers that the FMSA does not pay. This could reduce FMSA workload and therefore cost of FMS.</i>
<i>Cons of Approach 2</i>	<i>The Counseling entity may incur costs of paying for background checks and managing the background check process. This could increase the Counseling Entity's workload and therefore the cost of Counseling.</i>
<i>Requirement</i>	<i>Receive, record and process any garnishments, liens, levies, judgments, holds or union dues required to be withheld from worker pay. Submit payments to applicable garnishing or other agencies with required documentation. Manage garnishment in accordance with Federal and State regulations and stipulated priorities for each garnishment type. Use a system to ensure withholding requirements, completion dates, deposit requirements and reporting requirements are met. Maintain records per Federal, State, Local, VA, AoA, SUA and AAA requirements.</i>
<u>FMS Model</u>	F/EA, AwC
<i>Approach</i>	<i>Varies by garnishment type, State and Locality. Research applicable regulations and withhold, deposit and report accordingly.</i>



Requirement	Produce and disburse payments ⁹ made in accordance with program rules, spending plans, and State and Federal wage and hour regulations. Ensure that payments are made in accordance with State pay-day, minimum wage, and overtime requirements and with Federal Fair Labor Standards Act (FLSA) regulations for the type of payee.
FMS Model	F/EA, AwC
Approach	<i>Varies by garnishment type, State and Locality. Research applicable regulations and withhold, deposit and report accordingly.</i>
Requirement	Issue IRS Forms W-2 and W-3, as applicable ¹⁰ , to the Social Security Administration (SSA), State Agencies, as applicable, and employees by Federal and State deadlines. Store Employer and Employee copies per IRS, State, VA, AoA, SUA and AAA requirements.
FMS Model	AwC, F/EA
Approach	<i>Forms W-2 issued by an F/EA should be issued per IRS Revenue Procedures 70-6 or 80-4 and Notice 2003-70 for Federal purposes and for copies issued to employees. State specific requirements apply to Forms W-2 submitted to State Tax Agencies. Forms W-2 issued by Agencies with Choice should be issued per IRS requirements for Forms W-2 issued to employees per Federal requirements for the specific employee type (http://www.irs.gov/pub/irs-pdf/iw2w3.pdf) and to States to meet any State requirements.</i>
Requirement	Collect and verify IRS Forms W-9, <i>Request for Taxpayer Identification Number and Certification</i> , for any vendors and independent contractors. Maintain copies of Forms W-9 per IRS regulations.
FMS Model	AwC, F/EA
Approach	<i>It is highly recommended that F/EAs and AwCs obtain an IRS Form W-9 prior to issuing payment to any non-employee and ensuring that the vendor or independent contractor provided a legitimate Taxpayer Identification Number (TIN) on Form W-9. It is also advised to request that vendors certify if they are a for-profit or non-profit entity. The IRS requires that payments for Health and Medical payments over \$600¹¹ be reported in Box 6 of IRS Form 1099-Misc, <i>Miscellaneous Income</i>, for all self-employed or for-profit entities, but not for non-profit entities. It is therefore advisable to collect an organization's for-profit/non-profit status upon completion of Form W-9 so that Forms 1099-Misc can be appropriately issued at year-end.</i>
Requirement	Produce, file with the IRS and any applicable State Tax Agencies and submit to payees IRS Forms 1099-Misc, <i>Miscellaneous Income</i> , for any payments over the 1099-Misc box-specific threshold for the payment type (see IRS Form 1099-Misc instructions:

⁹ Payments may be made payable to the worker or vendor but issued to the participant for disbursement to worker or vendor or payments may be made payable to the worker or vendor and issued directly to the worker or vendor.

¹⁰ Agents or employers issuing 250 or more Forms W-2 are required to file Forms W-2 with the Social Security Administration electronically per EFW2 specifications (<http://www.ssa.gov/employer/08EFW2.pdf>)

¹¹ For Tax Year 2008



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	<p>http://www.irs.gov/instructions/i1099misc/index.html</p> <p>Produce and file with the IRS and any applicable State Tax Agencies Forms 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i>. Payers paying 250 or more payees are required to submit Forms 1099-Misc electronically and are not required to submit a Form 1096.</p> <p>If applicable, produce, file and submit to payees any State specific Forms 1099-Misc or equivalent.</p>
<u>FMS Model</u>	AwC, F/EA
<i>Approach</i>	<i>Forms W-2 issued by an F/EA should be issued per Notice 2003-70 for Federal purposes and for copies issues to employees. State specific requirements apply to Forms W-2 submitted to State Tax Agencies. Forms W-2 issued by Agencies with Choice should be issued per IRS requirements for Forms W-2 issued employees per Federal requirements for the specific employee type (http://www.irs.gov/pub/irs-pdf/iw2w3.pdf) and to States to meet any State requirements.</i>

May Have Financial Management Services (FMS) Functional Requirements

Requirement	Provide Customer Service to participants pertaining to Financial Management Services (FMS). Customer Services provided may include: <ul style="list-style-type: none"> • Verifying that a timesheet or invoice was received • Verifying that a payment was issued • Providing a to-date spending plan balance • Contacting participants for whom timesheets or invoices have been received but a problem exists that may prevent the timesheet or invoice from being paid
FMS Model	F/EA, AwC
Approach 1	<i>The FMS has culturally sensitive, effectively communicating staff trained in the principles of participant direction who provide FMS Customer Service directly to participants, representatives, workers and vendors.</i>
Pros of Approach 1	<i>The FMSA has all FMS-related data and can readily report on it.</i>
Cons of Approach 1	<i>The FMSA may not be as effective communicating with participants or other stakeholders as another entity, such as the Counseling entity. It may be deemed beneficial for participants to have a single point of contact, the Counseling entity, and to not also communicate with the FMSA.</i>
Approach 2	The FMS makes all data available to Counselors who provide all FMS Customer Service to participants, representatives, workers and vendors
Pros of Approach 2	The participant and other stakeholders have a single point of contact, the Counseling entity.
Cons of Approach 2	It may be costly or time intensive for the Counseling entity to obtain FMS data in real-time.
Requirement	FMSA provides the following as part of the FMSA's Customer Services: <ul style="list-style-type: none"> • Toll-free phone number • Separate phone number for Counselors or AAA staff to reach FMSA managers • After-hours messaging system to record messages and/or connect callers with an after-hours contact • Record communication with stakeholders • Track information about communication with stakeholders including: <ul style="list-style-type: none"> -Name of caller -Purpose of call -Date and time of call -Priority of issue -Follow-up action -Date of follow-up action -Resolution -Date of resolution • System to ensure all calls are returned within an agreed upon timeframe
FMS Model	F/EA, FMS
Requirement	FMSA has a system, policy and procedure to report fraud, abuse, neglect or suspected fraud, abuse or neglect per Federal, State, VA, AoA, SUA, AAA



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	or other requirements.
<u>FMS Model</u>	F/EA, AwC
<i>Approach</i>	It is highly recommended that the AAA and FMSA develop agreed upon protocols to report fraud, abuse, neglect or suspected, fraud, abuse or neglect.
Requirement	FMSA provides Employer Skills Training materials to participants or representatives who directly hire workers or act as a managing employer for workers employed by an Agency with Choice.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>FMS produces and distributes an Employer Skills Training manual, including sample interview questions, sample classified job advertisements, tips for setting employee schedules and managing employees and information on Department of Labor regulations and guidelines.</i>
<i>Pros of Approach 1</i>	<i>Materials can be standardized, produced initially and re-used and updated over time.</i>
<i>Cons of Approach 1</i>	<i>Participants may benefit from tailored, interactive or hands-on Employer Skills Training.</i>
<i>Approach 2</i>	FMS provides Employer Skills Training workshops and/or training sessions.
<i>Pros of Approach 2</i>	Workshops can be tailored for the audience. Workshops can be interactive.
<i>Cons of Approach 2</i>	Workshops may be costly to conduct, thereby impacting the cost of FMS. Workshops may not be available when a participant wants to obtain Employer Skills Training.
Requirement	FMSA has a process in place to make records available to the AoA, VA, SUA, AAA or other stakeholder.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>This is advisable for monitoring quality and facilitating a transfer of records between FMSAs, if necessary.</i>
Requirement	FMSA conducts an annual satisfaction survey to ascertain participant, worker, vendor or Counselor satisfaction with the FMSA's quality of service. FMSA analyzes and published results, providing a plan for how improvements in service will be implemented.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>FMSA produces satisfaction survey and submits to SUA or AAA for review and comment. FMSA issues survey to participants, workers, vendors or Counselors by mail, phone or internet. FMSA collects, analyzes and publishes results.</i>
<i>Pros of Approach 1</i>	<i>Contracts with vendors other than the FMSA are not required. Survey may be included as part of FMSA's standard service.</i>
<i>Cons of Approach 1</i>	<i>Conducting a survey and analyzing and publishing survey results on the FMSA's own service may be a conflict of interest for the FMSA. Survey respondents also may not provide candid responses about the FMSA if the FMSA is also reviewing responses.</i>
<i>Approach 2</i>	An entity other than the FMSA, such as a market research firm, the SUA, or the AAA creates survey, issues survey to participants, workers, vendors or Counselors by mail, phone or internet and collects, analyzes and publishes results.
<i>Pros of Approach 2</i>	Survey respondents may provide more candid answers about FMS if a third



	party conducts the survey. The surveyor is less likely to have a conflict of interest in collecting, analyzing and publishing results if the surveyor is not the FMSA.
Cons of Approach 2	Could increase the workload for another entity, add cost, or require an additional contract and scope of work to be managed.
Requirement	Supply paper timesheets, reimbursement sheets, or invoices to participants, workers or vendors.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>FMSA produces and mails an supply of timesheets, reimbursement sheets or invoices to participants, workers or vendors.</i>
<i>Pros of Approach 1</i>	<i>Participants, workers or vendors have easy access to timesheets, reimbursement sheets or invoices.</i>
<i>Cons of Approach 1</i>	<i>Printing and shipping paper forms can be costly. This may impact the cost of FMS.</i>
Approach 2	FMSA provides a web-based copy of timesheet, reimbursement sheet and invoice for participants, workers or vendors to access via the internet and print as needed. FMSA includes a single copy of timesheet, reimbursement sheet and invoice in Enrollment Package or Employment Package and participants, workers or vendors make copies of forms as needed.
Pros of Approach 2	Less costly to FMSA. May reduce costs of FMS.
Cons of Approach 2	Can increase work and cost burden for participants, workers, and vendors.
Requirement	Produce and issue report of units or dollars authorized and units or dollars used by participant. Show payments by service, worker or vendor and pay date. Issue reports on an agreed upon periodicity.
<u>FMS Model</u>	F/EA, AwC
Approach 1	FMSA produces and issues paper reports to Counselors, AAA and participants.
Pros of Approach 1	Does not require internet access.
Cons of Approach 1	Printing and mailing paper can be costly. This may increase the cost of FMS. Data may be out-of-date before the paper report is received.
Approach 2	FMSA makes real-time information available online at an SSL encrypted site and Counselors, AAA and participants log-in and review authorization and spending information as needed.
Pros of Approach 2	Up-to-date data is provided in real-time and on demand. The cost of printing and shipping paper reports is avoided.
Cons of Approach 2	May require an initial investment. Participants may not have access to or be comfortable using the internet.
Requirement	Report all complaints and grievances to the AAA or other entity per some agreed upon periodicity.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>At month end, FMSA produces a report of any complaints or grievances received, follow-up action taken and the resolution.</i>
<i>Pros of Approach 1</i>	<i>Supports contracting entity to monitor FMS quality and participant, worker, vendor and Counselor satisfaction with FMS. Trends can be identified and corrected as needed.</i>
<i>Cons of Approach 1</i>	<i>FMSA must record all complaints and grievances and produce report. This may impact the cost of FMS.</i>



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Requirement	FMSA can communicate effectively with participants who request large print, alternate formats, TTY and translation services.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>FMSA has staff and equipment in-house to communicate in a variety of formats at participant request.</i>
<i>Pros of Approach 1</i>	<i>Enables seamless communication between FMSA and participants.</i>
<i>Cons of Approach 1</i>	<i>May require initial investment. May impact the cost of FMS.</i>
Approach 2	Counseling entity has capability to communicate in a variety of formats at participant request. FMSA coordinates with Counseling entity to communicate with participants as necessary.
Pros of Approach 2	Diminishes need for duplicative equipment or services.
Cons of Approach 2	Requires coordination between FMSA and Counseling entity. May impact the cost of Counseling.
Requirement	FMSA has developed and implemented a training curriculum for FMSA staff in the principles of self direction and the rules and guidelines of the VD-HCBS/NHDM program.
<u>FMS Model</u>	F/EA, AwC
<i>Approach 1</i>	<i>FMSA develops a training curriculum in house and implements for all new hires and on a regular basis for existing staff.</i>
<i>Pros of Approach 1</i>	<i>FMSA develops and implements training curriculum that fits with FMSA culture. Curriculum can be adjusted and updated as program rules and approaches evolve.</i>
<i>Cons of Approach 1</i>	<i>FMSA may not be as versed in principles of self direction as compared to other professional entities that provide training in self direction.</i>
Approach 2	FMSA contracts with provider of principles of self direction training.
Pros of Approach 2	FMSA can contract with an entity that specializes in developing training curricula for principles of self direction.
Cons of Approach 2	It may be difficult to find a qualified, satisfactory trainer. A qualified, satisfactory trainer may be costly, thereby impacting the cost of Financial Management Services.
Requirement	FMSA issues payments to workers and vendors via Direct Deposit as requested.
<u>FMS Model</u>	F/EA, AwC
Requirement	FMSA issues payments to workers and vendors via Debit Card as requested.
<u>FMS Model</u>	F/EA, AwC
Requirement	Procure Workers' Compensation policies on behalf of participants, manages those policies and provides data for any reports or audit requirements.
<u>FMS Model</u>	F/EA
<i>Approach 1</i>	<i>FMSA procures Workers' Compensation policies on behalf of participants, manages those policies and provides data for any reports or audit requirements.</i>
<i>Pros of Approach 1</i>	<i>FMSA has ready access to payroll records and can most easily respond to Workers' Compensation audit requests. FMSA can issue authorized payments from participant spending plans. Spending plans may include line items to purchase workers' compensation policies.</i>

<i>Cons of Approach 1</i>	<i>Additional administrative duty required of FMSA. May impact cost of FMS.</i>
<i>Requirement</i>	FMSA responds to wage information requests from federal, state and other agencies on behalf of participant employer.
<u>FMS Model</u>	F/EA