

# **NCDHHS – Division of Aging and Adult Services State/County Special Assistance Program Compliance Monitoring Plan**

## **Purpose**

The purpose of this document is to outline the monitoring process for State/County Special Assistance (SA). SA is a Program providing financial assistance to eligible individuals. The Division of Aging and Adult Services (DAAS) is responsible for the State level administration of the SA Program. Monitoring helps to ensure that the subrecipients, the 100 departments of social services (DSS), participating in the program are administering the program in compliance with applicable laws and regulations.

## **Services/Funds To Be Monitored**

The SA Program has two distinct service categories:

1. Residential/facility care recipients. This service is an entitlement and is a mandated program in all 100 counties.
2. SA-In-Home (SA-IH). Counties have the option to participate in SA-IH. A current [list of the counties offering SA-IH](#) is available on the DAAS website.

The SA Program has two distinct target population categories:

1. SA for the Aged (SAA), which includes recipients age 65 and older;
2. SA for the Disabled (SAD) which includes individuals under age 65 who are disabled according to the standards set by the Social Security Administration. Individuals under the age of 18 must meet the criteria for legal blindness.

All State agencies must have an audit supplement to assist the local auditor in identifying program compliance requirements and audit procedures for testing those requirements. This document contains the foundation of SA policy and procedures on eligibility and budgeting found in the SA Policy Manuals. It also refers the auditors to seek further details in the SA Policy Manual used by subrecipients to determine eligibility for the SA Program. The audit supplement for SA is listed under the Catalog of Federal Domestic Assistance (CFDA)/Compliance Audit [Compliance Supplement](#) and is named DHHS-30 State/County Special Assistance. The SA Monitoring process evaluates the counties compliance with the criteria found in the [Compliance Supplement](#). [Appendix 4](#) is the chart related to the DHHS-30 State/County Special Assistance Compliance Supplement that is completed and included in the SA Program monitoring report.

DAAS maintains two separate manuals required for use by subrecipients. The SA-IH Manual (#2) often references the manual for SA in facilities (#1):

1. State/County Special Assistance Manual (SA in facilities), and
2. State/County Special Assistance In-Home Program Manual (SA-IH).

### **Subrecipients to Be Monitored**

The 100 county DSS, public governmental agencies, administer the SA Program at the county level. The DSS staff accepts and processes applications and maintains the cases using the policy manuals for the Program. The 100 DSSs are the subrecipients requiring monitoring.

### **Monitoring Staff**

SA Program Representatives (SAPR), employees of DAAS, conduct the monitoring for the SA Program.

### **Risk Assessment for Subrecipients**

Risk is assessed annually and is determined by the examination of several areas including:

1. The results of the most recent monitoring report;
2. Reviewing and evaluating the DSS's [most recent self-assessment review summary found on the DSS monitoring website](#);
3. Reviewing Single County Audit reports to evaluate compliance with applicable laws and regulations for the SA Program;
4. Information obtained by DAAS staff through consultation, site visits, review of public reports from the CSDW or NCXPTR.

See [Appendix 2](#) for the grid used to evaluate county risk.

County DSSs, after assessment and evaluation of the above risk factors, will be assigned a risk level of low, medium, or high.

1. Low-risk subrecipients will be monitored every three years.
2. Medium-risk subrecipients will be monitored at least once every three years, more often as deemed necessary by the Section Chief and the SA Program Administrator.
3. High-risk subrecipients will be more closely monitored until the risk level decreases. Monitoring of high-risk DSSs will be conducted onsite. Additional requirements may include ongoing corrective action and more comprehensive monitoring (e.g., increasing the frequency of monitoring, expanding the sample size

### **Targeted Monitoring**

Monitoring will be targeted to specific areas of eligibility. These areas are identified and evaluated for targeted monitoring by reviewing past monitoring results, requests for consultation and recent policy changes. These targeted eligibility areas include:

- Resources
- Transfer of resources
- Income
- Budgeting
- Application procedures
- Verification of residence in licensed facility
- Citizenship verification
- Denials

### **Monitoring Tool**

A standardized monitoring tool is used to monitor both service areas of the SA Program: SA facility cases and SA In-Home (SA/IH) cases. The tool is revised based on the targeted area of eligibility. The elements in the monitoring tool are based on applicable laws and regulations that govern the program being monitored. The current tool is found on the DAAS Monitoring website at <http://www.ncdhs.gov/aging/monitor/SAMonitoringToolLevel1.xls>

### **Monitoring Schedule**

SAPRs determine the monitoring schedule based on the county's risk assessment. Counties will be monitored at least once every three years. County DSS agencies will be notified at least 30 days prior to their monitoring.

### **Sample Size**

County department of social services are divided into three levels based on county population. These standardized levels have been in place for a number of years and are used by other divisions in the DHHS for monitoring and reporting purposes. County levels are reviewed for annually for changes in levels. The county levels for the 100 subrecipients are included with this monitoring plan. ([See Appendix 1.](#))

A random sample of cases is selected from the DHHS's Eligibility Information System (EIS) from the 2<sup>nd</sup> month prior to the month in which the monitoring occurs.

Based on the county levels, the sample size is as follows:

Level I Counties	Level II Counties	Level III Counties
10	15	20

For counties that participate in the SA/IH program, the SA/IH sample size is determined by the number of SA/IH active slots for the sample month. For counties with less than 15 slots, the SA/IH sample size is one. For counties with 15 or more slots, the SA/IH sample size is two. These cases are included in the total number of cases in the sample size. For example, the sample size for a Level II county with 20 active SA-/IH slots will be 13 SA facility cases and 2 SA-IH cases to total 15 cases.

### **Monitoring Process**

1. Designated DAAS staff obtains the appropriate sample of cases from the Client Services Data Warehouse (CSDW) for each subrecipient (county DSS) scheduled for monitoring during the fiscal year. Subrecipients will be notified of the sample cases selected for review prior to the scheduled monitoring date, with a minimum of 14 calendar days advance notice.
2. The monitoring occurs as either:
  - a. Onsite at the county DSSOR
  - b. DSS sends the requested records to the assigned DAAS staff. Records are reviewed in the SAPR's office. DAAS will provide the DSS with a prepaid number to produce a shipping label and link to packaging instructions.
    1. DSS sends records in paper form via UPS to the assigned SAPR.
    2. When the DSS has paperless records, records are sent in a Compact Disc (CD). The DSS copies case file documents onto the CD in the order and format instructed by DAAS and mails the CD to the assigned SAPR.
3. Records are reviewed using the standardized monitoring tool for the SA Program. The SAPR will ship the records back to the DSS within 10 working days.
4. At the conclusion of the monitoring, using either method in 2.a. or 2.b. above, the SAPR will conduct an exit conference with the DSS staff. It is suggested that the supervisory staff including the Director participate. The exit conference tool is included in [Appendix 3](#).

5. Within 30 days of the completion of the exit conference, the findings are summarized and communicated in a written report to the county DSS director. The report identifies any deficiencies requiring corrective action by the county DSS. The report includes the completion of the relevant compliance supplement criteria assessed. Corrective action includes, but is not limited to chargebacks to the county.

Corrective action plans will be required when the total error rate for the combined elements of all cases equals or exceeds 30% and/or when the overall error rate for incorrect payments cases equals or exceeds 30%.

6. The SAPRs assist the county DSS in developing any required corrective action plan as needed. Follow-up on corrective action plans to determine that all deficiencies have been addressed is the responsibility of the SAPR.
7. Monitoring outcomes will be entered into the Open Window or other DHHS database as required.
8. The [Compliance Supplement](#), DHHS-30 State/County Special Assistance, spells out the specific compliance requirements that will be monitored. [Appendix 4](#) is the chart that is completed and included in the monitoring report. This chart indicates the Compliance Supplement Criteria that was assessed and the results.

### **Chargebacks and Underpayments**

The county is responsible for paying underpayments to recipients when underpayments were identified as a result of the county's error in applying program regulations. The county is responsible for paying the state share for SA overpayments identified and resulting from the county's error in applying program regulations. Chargebacks for the State portion of the SA payment will be charged beginning with the month that the error affected case eligibility. The county must complete the DSS-8201 to report the overpayment and chargeback. The county must also evaluate for Medicaid overpayments as spelled out in Medicaid policy.

In cases where it is discovered during the monitoring process that there is an issue affecting eligibility not disclosed or reported by the applicant/recipient, the county will refer the case to their program integrity or fraud investigative unit.

The county is responsible for paying underpayment to recipients when underpayments are identified as a result of the county's error in applying program regulations.

### **Maintenance of Monitoring Documentation**

Monitoring tools, relevant verification information, compliance findings, corrective action plans, follow-up and related correspondence for programs identified in this plan are

maintained in the Division of Aging and Adult Services, 693 Palmer Drive, Raleigh, NC. Records will be maintained according to North Carolina's records retention policy.

<b>APPENDIX 1-SA Monitoring Plan</b>
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**SPECIAL ASSISTANCE (SA) MONITORING**  
**County Levels**

**Level I Counties**

**51 counties**

Alexander	Gates	Pamlico
Alleghany	Graham	Pasquotank
Anson	Granville	Pender
Ashe	Greene	Perquimans
Avery	Hertford	Person
Bertie	Hoke	Polk
Bladen	Hyde	Richmond
Camden	Jackson	Stanly
Caswell	Jones	Stokes
Chatham	Lee	Swain
Cherokee	Macon	Transylvania
Chowan	Madison	Tyrrell
Clay	Martin	Warren
Currituck	McDowell	Washington
Dare	Mitchell	Watauga
Davie	Montgomery	Yadkin
Franklin	Northampton	Yancey

**Level II Counties**

**39 counties**

Alamance	Halifax	Rockingham
Beaufort	Harnett	Rowan
Brunswick	Haywood	Rutherford
Burke	Henderson	Sampson
Cabarrus	Iredell	Scotland
Caldwell	Johnston	Surry
Carteret	Lenoir	Union
Cleveland	Lincoln	Vance
Columbus	Moore	Wayne
Craven	Nash	Wilkes
Davidson	Onslow	Wilson
Duplin	Orange	
Edgecombe	Pitt	
	Randolph	
	Robeson	

**Level III Counties**

**10 counties**

Buncombe	Forsyth	New Hanover
Catawba	Gaston	Wake
Cumberland	Guilford	
Durham	Mecklenburg	

[Source-2010-11 DSS Monitoring Plan

[http://www.ncdhhs.gov/dss/Monitoring/docs/NC%20DSS%20Monitoring%20Plan-SFY10\\_11.pdf](http://www.ncdhhs.gov/dss/Monitoring/docs/NC%20DSS%20Monitoring%20Plan-SFY10_11.pdf)]

**APPENDIX 2-SA Monitoring Plan**

**Division of Aging and Adult Services**

**Risk Evaluation Matrix - County Subrecipient**

County Name:

Program Name :  
State/County Special Assistance

Criteria	Risk Level						Evaluation Score
	Low Risk		Moderate Risk		High Risk		
	Description	Weighting	Description	Weighting	Description	Weighting	
<b>1. Most recent Monitoring Report</b>							
Summary of Overall Compliance Supplement Criteria Requirement Findings	In compliance in all requirement areas monitored and no chargebacks	2	Out of compliance in one requirement area and 2 or fewer charge backs	4	Out of compliance in two or more requirement areas or three or more chargebacks	6	
<b>2. Single Audit</b>							
Single Audit Findings in SA Program area	No audit findings for past 2 years.	2	Audit findings within the past two years with pending or completed corrective action and not requiring county charge backs.	4	Significant audit findings within past 2 years; audit findings not addressed and/or not resolved in timely manner; and/or chargebacks required.	6	

<b>3.DSS Self Assessment Internal Controls:</b>							
Self Assessment	Self assessment shows few (2 or less) internal control weaknesses. Where there is inadequate separation of duties, mitigating controls have been developed to protect against fraud and theft.	1	Self assessment shows several ( 3-7) internal control weaknesses. Where there is inadequate separation of duties, mitigating controls have been developed to protect against fraud and theft.	2	Self assessment shows major (8 or more) internal control weaknesses. Where there is inadequate separation of duties, mitigating controls have not been developed or do not protect against fraud and theft.	3	
<b>4. DAAS staff consultation, site visits, report reviews</b>							
Information obtained by DAAS staff through consultation, site visits, Program report reviews (CSDW,NCXPTR)	No concerns noted or concerns addressed by county.	2	Concerns noted and county appropriately addressing.	4	Significant concerns and county unable/unwilling to address/correct.	6	
						Total Evaluation Score	
Evaluation Score Key: Low Risk = Score 7-10 Moderate Risk = Score 11 -17 High Risk = Score 18 -21							

**APPENDIX 3-SA Monitoring Plan---DAAS Program Compliance Monitoring Exit Conference Tool**

**County DSS :** \_\_\_\_\_ **Date of Exit Conference :** \_\_\_\_\_

<b>PROGRAM/S MONITORED:</b>	<input type="checkbox"/> SSBG <input type="checkbox"/> State APS <input type="checkbox"/> At Risk Case Management <input type="checkbox"/> HCCBG <input type="checkbox"/> IHAS Recertification <input checked="" type="checkbox"/> <b>Special Assistance (SA)</b>
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<b>Area of Corrective Action by DSS:</b> (Include Tool Section Reference)	
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<b>Corrective Action Plan:</b>	
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<b>SAPR Follow Up</b>	
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<b>Area of Corrective Action by DSS:</b> (Include Tool Section Reference)	
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<b>Corrective Action Plan:</b>	
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<b>SAPR Follow Up</b>	
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<b>Area of Corrective Action by DSS:</b> (Include Tool Section Reference)	
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<b>Corrective Action Plan:</b>	
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<b>SAPR Follow Up</b>	
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*We are in agreement regarding the above area(s) requiring correction and a corrective action plan:*

SA Program Representative: \_\_\_\_\_ Date: \_\_\_\_\_ DSS Director or Representative: \_\_\_\_\_ Date: \_\_\_\_\_

*The Agency's corrective action plan has been implemented. Monitoring is complete.*

SAPR Signature: \_\_\_\_\_ Date: \_\_\_\_\_ DSS Representative : \_\_\_\_\_ Date: \_\_\_\_\_

Appendix 4 SA Monitoring Plan			
DHHS-30/Special Assistance Compliance Supplement Criteria Requirement	Compliance Supplement Criteria		
COMPLIANCE MET?	Yes	NO	N/A
a. Activities Allowed or Unallowed (Specifies the activities that can or cannot be funding under a specific program; adherence to administrative funding limits)			N/A for this report
b. Allowable Cost/Cost Principles			N/A for this report
c. Cash Management:			N/A for this report
d. Davis-Bacon Act:			N/A for this report
e. Eligibility: To ensure that the eligibility requirements are being administered appropriately based on program procedures <i>Overall error rate is less than 30% on SA Monitoring Tool?</i>			
f. Period of Availability-Federal Funds			N/A
g. Equipment and Real Property Management:			N/A
h. Matching, Level of Effort (N/A), Earmarking(N/A): <b>Matching:</b> Compliance Requirement - Funding for benefits under this program come from 50% state funds, and requires a 50% county match. Administrative costs are funded with 100% county dollars. <b>Verified by Single Audit Review.</b>			N/A for this report
i. Procurement, and Suspension and Debarment			N/A for this report
j. Program Income:			N/A for this report
k. Real Property Acquisition and Relocation Assistance:			N/A for this report
l. <b>Reporting:</b> DSS-0 crosscutting requirements apply. County departments of social services report information about applicant eligibility and recipient payments via the Division of Social Services' Eligibility Information System (EIS). Fiscal reporting is conducted via the DSS-1571. <i>[County appropriately utilizes SA client and financial reporting systems including correct facility affiliation in EIS. Overall error rate for IA.&amp;IC. on tool is less than 30%]</i>			
m. Subrecipient Monitoring			N/A
n. Special Tests and Provisions			N/A for this report
o. Conflict of Interest: Limitations on Payments prohibits payment of SA benefits to any recipient in the care of an adult care home that is owned or operated in whole or in part by: (1) a member of the Social Services Commission, of any county board of social services, or of any board of county commissioners; (2) an official or employee of DHHS, unless said official or employee has been appointed temporary manager of the adult care home pursuant to G.S. 131E-237, or of any county department of social services; or (3) a spouse of a person designated in either (1) or (2). <b>Verified by Single Audit Review</b>			N/A for this report