



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

JOYCE MASSEY-SMITH • Director  
Division of Aging and Adult Services

**DAAS ADMINISTRATIVE LETTER NO. 22-01**

**TO: Area Agency on Aging Directors**

**FROM: Joyce Massey-Smith, Director**

**DATE: January 24, 2022**

**SUBJECT: Updated Monitoring Guidance for SFY 2022:**

- **Background and Special Circumstances affecting Monitoring**
- **AAA Monitoring of Community Service Providers**

Background

As discussed with Area Agency on Aging directors on 10-21-21, and the Aging Specialists Association on 11-17-21, this administrative letter confirms the streamlined monitoring procedures adopted by the Division of Aging and Adult Services for SFY 2022.

SFY 2022 monitoring plans will continue to be based on the risk-based monitoring requirements in Sec. 308.2 (D) of the AAA Policies and Procedures Manual except as modified by this administrative letter. The monitoring guidance outlined in Administrative Letter No. 21-03 and Administrative Letter No. 20-21 is updated by this administrative letter.

- Separate risk assessments and monitoring plans for regular funding and COVID funding will not be required in SFY 2022.
- Monitoring agencies may continue to use alternate methods as outlined below to accommodate special circumstances for monitoring during the COVID-19 pandemic.
- Minimum monitoring requirements every three years for programmatic reviews and every two years for unit verifications will continue to be waived in SFY 2022. Monitoring plans may be developed solely on the basis of annual risk assessments.
- AAAs may do more than minimum monitoring based on risk determinations described below.

Special Circumstances

The special circumstances for monitoring during a public health emergency outlined in Administrative Letter No. 20-21 remain in place. Exceptions to normal monitoring processes may be necessary when there is a state of emergency, such as a pandemic or natural disaster.

**NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF AGING AND ADULT SERVICES**

LOCATION: 693 Palmer Drive, Taylor Hall, Raleigh, NC 27603  
MAILING ADDRESS: 2101 Mail Service Center, Raleigh, NC 27699-2101  
www.ncdhhs.gov • TEL: 919-855-3400 • FAX: 919-733-0443

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

These exceptions can involve temporary changes to staffing, travel restrictions, budgetary restraints, or provisional deviations from normal monitoring requirements.

The timeframe for monitoring during special circumstances also may be affected. Requirements for minimum AAA monitoring of service providers per Sec. 308.2 are waived per the procedures outlined below. The Division has adjusted normal monitoring requirements during the COVID-19 emergency so that monitoring of grantees determined to be high risk will remain the highest priority even during special circumstances.

Under these special circumstances, monitoring may have to occur through alternate means, such as desk reviews, virtual conferences, or a combination of methods to accommodate conditions. Sample sizes may have to be adjusted. Agencies subject to monitoring must provide required records and/or digital documentation through a secure process, but monitoring by alternate means may be used to address the special challenges related to sharing of documentation between agencies.

### Guidance

In SFY 2022, AAAs will not be required to have separate risk assessments and separate monitoring plans based on funding sources. With minimum monitoring requirements waived, one overall monitoring plan can be developed based on risk assessments of community service providers alone.

FY 22 Monitoring	Programmatic Monitoring	Unit Verifications/ Fiscal Verifications	Consumer Contributions Monitoring
High Risk HCCBG/FCSP/OAA/SUPP5-HDC5/ARPA	✓	✓	✓
Not High Risk HCCBG/FCSP/OAA/SUPP5-HDC5/ARPA	Optional based on risk	Optional based on risk	Only with programmatic monitoring

- Risk-based monitoring – All provider agencies must be assessed annually for risk.
  - *The AAA may use a single provider risk assessment form to conduct the assessment, regardless of funding sources. Per existing requirements in Sec. 308, this is an overall risk assessment of the provider agency.*
  - *High-risk providers must receive programmatic monitoring and unit verifications or non-unit fiscal verifications as appropriate.*
  - *Low or moderate risk providers – As part of the provider risk assessment process, AAAs will determine whether it is appropriate to conduct any monitoring for specific services delivered by providers deemed moderate risk. Providers deemed low risk should not be scheduled for monitoring in most instances, unless the AAA determines circumstances warrant a review.*
  
- Overall agency risk versus service-specific risk – For purposes of developing a monitoring plan, AAAs will determine whether all or just some of a provider’s services should be scheduled for monitoring reviews, as applicable. The optional service-specific risk assessment forms available on the Division’s website may be used to assist in this process.

- Services deemed high-risk must receive a full programmatic monitoring with unit verifications or non-unit fiscal verifications as appropriate.
  - Services deemed moderate risk may be scheduled for programmatic monitoring and/or unit verifications/fiscal verifications as determined appropriate by the AAA.
  - Services deemed low risk should not be scheduled for monitoring in most instances, unless the AAA determines that circumstances warrant a review.
- Regardless of provider risk or service risk, special non-unit service codes developed especially for the special circumstances associated with service delivery during COVID-19 (such as personal protective equipment, building improvements to reduce the risk of exposure, etc.) will be monitored using a sample month review of all expenditures.
- Unit verification samples – If there are multiple funding sources for a service that is scheduled for risk-based monitoring, then at the time of AAA monitoring the monitor may extract a sample from service delivery reported in ARMS and split the sample across funding sources. AAAs should take proportional samples across funding sources if possible.
- Subcontractor Performance Evaluations – The requirement for providers to submit Subcontractor Performance Evaluations is waived, but any risk-based monitoring conducted by the AAA must assure compliance with requirements whether documented by the provider or a subcontractor, as applicable.
- Methods of monitoring and documentation – Monitoring may be conducted on-site, virtually, or as desk reviews, as deemed appropriate by the AAA. Required monitoring also may be conducted as a provider self-assessment with tech-enabled discussions and virtual exit conferences. DAAS recommends the AAA provide a general outline in each monitoring report indicating how monitoring was conducted under the special circumstances of a pandemic. The AAA will maintain a monitoring file with all relevant documentation and related working papers for review by DAAS monitors.

If applicable, AAAs should use the following guidance for provider self-assessments adapted from Administrative Letter 21-03:

- AAAs have the option to require provider self-assessments for all monitoring that normally would be conducted as site visits or desk reviews.
- There may be portions of a monitoring tool that AAA staff want to complete as a desk review or by other means such as a virtual platform. The AAA may instruct the provider to complete other sections of the tool as a self-assessment. Just like the AAA, a provider's self-assessment must note the available documentation for each requirement or explain the lack of documentation. The tools must be completed entirely by either the AAA or provider staff with AAA guidance. This includes the consumer contributions tool, if the AAA schedules a full programmatic review as described above.
- The AAA will select a client sample, if appropriate, per the guidance above (e.g., pulling a sample based on the data available in ARMS when the monitoring visit occurs, including data from multiple funding sources for the service being monitored). The AAA will provide the list of client names to the provider with instructions re documentation that the AAA normally would review. If appropriate for non-unit fiscal verifications, the AAA will select a sample month for verification and instruct the provider on the fiscal documentation to be reviewed.

- Once the provider has completed the self-assessment as assigned, the completed portions will be submitted to the AAA with signed/dated attestation(s) of compliance. See Administrative Letter 21-03 for a sample attestation statement.
- After the self-assessment documents are submitted and reviewed, the AAA monitor may schedule a follow-up discussion with the provider by phone or online platform to ask questions and/or instruct the provider to show documentation onscreen (if discussed in a video call) or to submit documentation (e.g., by fax), if deemed appropriate. These discussions can also be used to indicate problems that may lead to non-compliance findings or disallowed costs in the monitoring report.
- After reviewing the provider's monitoring self-assessment and conducting the follow-up discussion, the AAA will complete the appropriate Compliance Supplement Criteria chart to indicate compliance/non-compliance with core federal grant requirements.
- The AAA will issue a written report within 30 business days of the self-assessment follow-up meeting, require corrective actions if warranted, and then will close out monitoring per normal practices.

#### Monitoring Timeframe versus Grant Project Periods

The SFY 2022 monitoring timeframe for AAAs is from 9-1-2021 to 6-1-2022. This will allow for the adjustment of any disallowed units before ARMS closeout. There will be one timeframe for risk-based monitoring, regardless of the funding sources for services monitored.

AAA monitoring for SFY 2022 must be completed by June 1 and monitoring reports sent to providers by July 1, 2022.

The SFY 2022 monitoring timeframe is different from the project periods for various grants currently available to the aging network. This will affect SFY 2022 monitoring as well as SFY 2023 and SFY 2024. The project periods for current grants are:

- Regular HCCBG/FCSP/OAA allocations: July 1, 2021 – June 30, 2022
- Supplemental Nutrition funding (SUPP5-HDC5): 7-1-2021 – 9-30-2022
- ARPA allocations: 10-1-2021 – 9-30-2024

Each new fiscal year will begin a new round of provider risk assessments and updated monitoring plans for regular HCCBG/OAA/FCSP allocations as well as Supplemental Nutrition and/or ARPA funding for the same services.

As noted above, if risk-based monitoring for a provider and/or service is scheduled, then client records and documentation for the units or expenditures supported by any funding source for that service may be pulled at the time of monitoring as part of a sample review.

#### Submission of Updated Exhibit 14 Monitoring Plans

AAAs submitted initial Exhibit 14s and Exhibit 14As to the Division on 9-30-2021 prior to discussions about streamlining the monitoring process for SFY 2022.

- Per those discussions, AAAs should update those Exhibit 14 monitoring plans only if needed to incorporate the allowances described above. There will be no need to submit a separate Exhibit 14 monitoring plan for COVID grants.

- Updating the Exhibit 14 may include the process of adding new providers not already included in the original Exhibit 14 monitoring plan, adding additional services to the list of funded services for each provider, or adding the service codes to risk-based monitoring already scheduled for a provider/service.
- Currently, this might apply only to the addition of providers and services supported by the Supplemental Nutrition (SUPP5-HDC5) funding. If appropriate, updated Exhibit 14 monitoring plans should be submitted by Feb. 1, 2022.
- Impact of ARPA planning on SFY 2022 monitoring – Given current discussions about required AAA ARPA planning, DAAS anticipates that ARPA funding plans, contracts, and allocations will not be confirmed, executed, and entered in ARMS until the February-April timeframe of SFY 2022 or later for some AAA proposals in progress. Thus, service delivery for this 3-year grant may not begin until the fourth quarter of SFY 2022. For this reason, AAAs will not be required to update the SFY 2022 annual monitoring plan to include new ARPA service codes until the annual monitoring plan updates are due in early SFY 2023 (typically Sept. 30).

The exception to this guidance may be new providers not previously funded. If deemed appropriate by the AAA, new providers for this three-year grant may be scheduled for monitoring prior to June 30, 2022, if services have been delivered and reported in ARMS prior to the AAA's June 1 monitoring deadline. All ARPA providers – including new ones not previously funded – may be scheduled for monitoring in each year of the three-year project period based on the annual risk determination described above, and new ARPA providers must be scheduled for monitoring no later than SFY 2023.

If you have questions about the updated monitoring guidance in this administrative letter, please contact Steve Freedman ([steve.freedman@dhhs.nc.gov](mailto:steve.freedman@dhhs.nc.gov)) or Phyllis Bridgeman ([phyllis.bridgeman@dhhs.nc.gov](mailto:phyllis.bridgeman@dhhs.nc.gov)).

JMS/HB/SF/PB/pg