



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

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Division of Aging and Adult Services

DAAS ADMINISTRATIVE LETTER NO. 22-09

TO: Area Agency on Aging Directors

FROM: Joyce Massey-Smith, Director

DATE: November 15, 2022

SUBJECT: AAA Monitoring Guidance for SFY 2023

This administrative letter affirms the continued use of current risk-based monitoring procedures across funding sources by NC Area Agencies on Aging (AAA). SFY 2023 monitoring plans will continue to be centered on the risk-based monitoring requirements in [Sec. 308](#) of the AAA Policies and Procedures Manual, except as modified by this administrative letter and the special circumstances of monitoring during the COVID-19 public health emergency.

Reminders and updates to current monitoring guidance are summarized as follows:

- Minimum monitoring requirements every three years for programmatic reviews and every two years for unit verifications will continue to be waived in SFY 2023, but AAAs are encouraged to consider length of time since last assessment as an important factor in the circumstances that warrant a review.
- For agencies or services deemed moderate risk that have not been assessed for three or more years because of the pandemic, AAAs are encouraged to schedule monitoring as resources and circumstances allow.
- Per normal procedures for providers or services deemed high-risk, programmatic monitoring and unit verifications or non-unit fiscal verifications as appropriate must be conducted prior to the normal monitoring end date of April 30, 2023 (Sec. 308.3).
- AAAs and other monitoring agencies may continue to use alternate methods as outlined below to accommodate special circumstances for monitoring during the pandemic.
- The requirement for community service providers to submit annual Subcontractor Performance Evaluations to their AAAs is not waived in SFY 2023. Providers should prepare to evaluate their subcontracts between January 1 and June 1, 2023 [Sec. 308.2 (F)].

Special Circumstances

The special circumstances for monitoring during a public health emergency remain in place. This section explains some of the exceptions to normal monitoring processes that may be necessary during any state of emergency, such as a pandemic or natural disaster. These exceptions can involve temporary changes to staffing, travel restrictions, budgetary restraints, or provisional deviations from normal monitoring requirements.

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

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The timeframe for monitoring during special circumstances 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 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 the sharing of documentation between agencies.

Guidance

Regardless of the number of funding sources supporting service delivery, one overall monitoring plan can be developed based on risk assessments of community service providers.

FY 23 Monitoring	Programmatic Monitoring	Unit Verifications/ Fiscal Verifications	Consumer Contributions Monitoring
High Risk	✓	✓	✓
Not High Risk	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 annual assessment, regardless of funding sources. Per existing requirements in Sec. 308.2 (D), 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 and advisable based on length of time since last assessment to conduct monitoring for specific services deemed moderate risk. The AAA may also determine the circumstances warranting a review of providers deemed low risk.

- 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 and advisable based on length of time since last assessment of the service. The AAA may also determine the circumstances warranting a review of services deemed low risk.

- 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 – As noted above, the requirement for providers to submit Subcontractor Performance Evaluations is not waived in SFY 2023. However, 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 the 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:

- 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

As already outlined in the AAA due dates chart, the SFY 2023 monitoring timeframe for AAAs is from 9-1-2022 to 4-30-2023. This timeframe allows for the adjustment of disallowed units or expenditures before ARMS closeout at the end of the fiscal year. SFY 2023 monitoring must be completed by the end of April and monitoring reports sent to providers by the end of May.

This monitoring timeframe accommodates the tracking of services and reimbursements by fiscal year and is different from the project periods for various grants currently available to the aging network:

- Regular HCCBG/FCSP/OAA allocations: 7-1-2022 – 6-30-2023
- Supplemental Nutrition funding (SUPP5-HDC5): 7-1-2021 – 9-30-2023
- ARPA allocations: 10-1-2021 – 9-30-2024

Note that each new fiscal year will begin a new round of provider risk assessments and updated monitoring plans.

A substantial amount of service delivery under ARPA was delayed to accommodate required AAA planning and subsequent state policy development for new ARPA services. New ARPA providers and services should be incorporated into existing AAA monitoring plans using the following guidance:

- If ARPA funding is allocated to a new community service provider in SFY 2023, then that provider is deemed high risk and must be monitored this fiscal year.
- If ARPA funding is allocated to an existing service provider deemed low or moderate risk and ARPA expands an already funded service, then AAAs may use the annual risk assessment to determine whether to conduct monitoring in SFY 2023 or SFY 2024.
- If ARPA funding is allocated for one of the new ARPA services, then that service is deemed high risk and must be monitored this fiscal year.

Submission of Exhibit 14 Monitoring Plans

The AAA’s Exhibit 14 Monitoring Plan should list all services and service codes under any funding source to indicate the services that will be monitored during the timeframe covered by the Area Plan. As needed, AAAs should update Exhibit 14 monitoring plans to incorporate new providers or additional services and submit them to the DAAS Lead Monitor, Jennifer Powell (jennifer.a.powell@dhhs.nc.gov).

Questions about this monitoring guidance may be addressed to Steve Freedman (steve.freedman@dhhs.nc.gov) or Phyllis Bridgeman (phyllis.bridgeman@dhhs.nc.gov).

JMS/SF/pg