
SECTION 3

Reporting Requirements
Reimbursement Procedures

IX. REPORTING REQUIREMENTS

A. Client Data

1. The following data will be obtained for each individual receiving Home and Community Care Block Grant Services:
 - a. client name and service(s) received;
 - b. client social security number;
 - c. client date of birth;
 - d. client county of residence;
 - e. client sex;
 - f. client race;
 - g. indication of whether the service is provided to relieve a caregiver,
 - h. indication as to whether the client is the caregiver;
(pertains to respite services only);
 - i. client economic status;
 - j. living alone status;
 - k. is client oriented (certain services).
 - l. IADL (instrumental activities of daily living) status (certain services);**
 - m. ADL (activities of daily living) status (certain services);**
 - n. nutritional health score (certain services);** and
 - o. overall functional status;

2. Client data will be reported to the Division of Aging using one of the following methods:
 - a. All agencies, except local departments of social services, will use the Division of Aging Client Registration Form (DOA-101) to register new service recipients or update client data for existing clients. Completed/revised Client Registration Form data is to be submitted to the Area Agency on Aging for entry on the Division of Aging's Aging Resource Management System (ARMS) or by directly accessing ARMS.

Blank copies of the Client Registration Form (DOA-101) are available from the Area Agency on Aging.

Specific instructions regarding the completion and submission of form DOA-101 are included in Section 4.

- b. All local departments of social services who directly provide services, or contract for services and retain responsibility for determining client eligibility and service authorization, will use the Division of Social Services Client Intake Form (DSS-5027) to register new service recipients or update client data for existing clients. Client intake information will be entered on the Division of Social Services' Services Information System (SIS). Client records entered on the SIS will be transferred to the Division of Aging's ARMS on a monthly basis.

Specific instructions regarding the completion of form DSS-5027 are contained in the Division of Social Services' Services Information System Users Manual.

- c. In instances where the local department of social services contracts for the provision of Home and Community Care Block Grant services and delegates, to the vendor, the task of determining client eligibility and service authorization, the local department of social services may choose to register clients through either the SIS or the ARMS. When the local department of social services chooses to register clients through the ARMS, all updates to client registration information must also be made through the ARMS and all service/reimbursement data must also be reported through the Area Agency on Aging for entry onto the ARMS or by directly accessing ARMS.

Local departments of social services must adhere to the above reporting procedures unless prior approval is obtained from the Division of Aging.

To maintain an accurate client database, all community service providers must conduct an update of the above client registration information in conjunction with regularly scheduled service reassessments, or at least annually, as specified in each service standard. For SFY 96-97 only, client registration information for all clients must be updated no later than August 1, 1997.

Regardless of the method used to report client data, all new clients must be registered on the Division of Aging's Aging Resources Management System

prior to reporting units of service for the purpose of requesting reimbursement for units provided to a new client.

B. Service Data

1. Each community service provider will be required to collect and report the following information for each service provided with Home and Community Care Block Grant funds:
 - a. the total number of units of service provided, by service, by client, by month, for unit based services;
 - b. the total unduplicated number of persons served, by service, by month, as specified in the service standard, for non-unit services;
 - c. the total allowable expenditures, by service and by month, for non-unit services; and
 - d. the amount of cost sharing/program income collected, by service, by month, from individuals served with block grant funds.

Service data reported will be the basis for requesting reimbursement for services rendered with Home and Community Care Block Grant funds. All service data reported for the purpose of requesting reimbursement will be reported using a three digit service code assigned to correspond to the service. (To the extent possible, service codes assigned to allowable Home and Community Care Block Grant services are uniform with codes assigned for similar services administered by the North Carolina Division of Social Services.)

2. The following Home and Community Care Block Grant services are unit based:

Service	Code	Service Unit Measure
a. Adult Day Care	030	1 day (6 hr. min.)
b. Adult Day Health	155	1 day (6 hr. min.)
c. Congregate Nutrition	180	1 meal served
d. USDA Only Congregate Meals	181	1 meal
e. Congregate Nutritional Supplement	182	1 meal served
f. Home Delivered Meals	020	1 meal delivered
g. USDA Only Home Delivered Meals	021	1 meal
h. Home Delivered Nutritional Supplement	022	1 meal delivered

i. Group Respite	309	1 hour of respite
j. In-Home Aide		
Level I- Home Management	041	1 hour aide service
Level I- Respite	235	1 hour aide service
Level II-Home Management		043 1 hour aide service
Level II-Personal Care	042	1 hour aide service
Level II-Respite	236	1 hour aide service
Level III-Home Management	044	1 hour aide service
Level III-Personal Care	045	1 hour aide service
Level III-Respite	237	1 hour aide service
Level IV- Home Management	046	1 hour aide service
Level IV- Respite	238	1 hour aide service
k. Institutional Respite	210	1 hour of respite
l. Senior Companion	260	1 hour comp. time
m. Skilled Home (Health) Care:		
nursing	081	1 home visit
therapy	082	1 home visit
medical social services	083	1 home visit
nutrition care	084	1 home visit
n. Transportation (General)	250	1-one way trip
o. Transportation (Medical)	033	1-one way trip

Service data reported for the purpose of requesting reimbursement will be reported monthly using form DOA ZG903 for all unit based services. Specific instructions for completing these forms are included in Section 4.

Local departments of social services who report client data through the SIS and also directly provide In-Home Aide Services under the Home and Community Care Block Grant will have In-Home Aide Service data reported through the SIS. Instructions for reporting the delivery of In-Home Aide Services for reimbursement through the Home and Community Care Block Grant are contained in the SIS Users Manual.

3. The following services are non-unit services:

Service	Service Code
a. Care Management	610
b. Group Respite	209
c. Health Promotion/Disease Prevention	220
d. Health Screening	060
e. Housing and Home Improvement	140
f. Information and Case Assistance	040
g. Mental Health Counseling	160

h. Senior Center Operations	170
i. Volunteer Program Development	190

Service data reported for the purpose of requesting reimbursement will be reported monthly via computer keys, **manually** on form DOA-543, or by direct access to ARMS for all non-unit services. Specific instructions for completing this form are included in Section 4.

4. Form DOA-MIS-300 - Site/Route/Worker Tables: This form is optional (except for local departments of social services receiving option "B" funds) and serves to identify the particular sites at which the community service provider will provide services. If a provider prefers to identify more than one site/route for a given service, this form must be completed and submitted to the Area Agency on Aging prior to processing July reimbursement data. Site/Route information may be updated throughout the year as necessary on Form DOA-MIS-301.

Instructions for completing Forms DOA-MIS-300 and DOA-MIS-301 are included in Section 4.

C. Program Income

For purposes of the Home and Community Care Block Grant, cost sharing/program income is defined as gross income generated by the community service provider or contractor from service recipients of Home and Community Care Block Grant services. Cost Sharing/Program income includes revenues generated from service recipients of services subject to Service Cost-Sharing policies and procedures as specified in Section 5 of this manual as well as revenues generated from service recipients of services not subject to Service Cost-Sharing policies and procedures. Community service providers must report on a monthly basis, by service, the amount of cost sharing/program income collected from all service recipients receiving services rendered with Home and Community Care Block Grant funds.

For services not subject to the Service Cost-Sharing Policy agencies will report, on a monthly basis, the gross amount of program income collected, by service. (The gross amount will be indicated in the space provided on Form DOA-543 which identifies the net amount of program income collected for the service and month reported.) Because the service reported is not subject to the

Service Cost-Sharing Policy, the Division will know that the amount of program income reported reflects the gross amount collected and not the net.

For services subject to the Service Cost-Sharing Policy agencies will report, on a monthly basis, the following information via Computer Keyes, **manually** via form DOA-543, or by direct access to ARMS:

1. the gross (total) amount of cost-sharing collected, by service;
2. the amount, by service, of "reasonable and necessary" costs incurred, if any, to generate cost-sharing revenues; and
3. the net amount (gross amount minus reasonable and necessary costs) of service cost-sharing collected, by service.

"Reasonable and Necessary" are defined to include the following:

1. the cost of postage to mail notices requesting cost-sharing contributions from service recipients;
2. the cost of administrative/clerical time necessary to prepare notices;
3. the cost of printing cost-sharing forms; and
4. the cost of printing brochures/flyers for the explicit purpose of explaining service cost-sharing for congregate nutrition and/or transportation services. (Does not include the cost of printing general brochures which describe agency services and operations.)

For audit/monitoring purposes agencies must be able to document any reasonable and necessary costs which have been deducted from the gross amount of Service Cost-Sharing revenues reported.

All program income generated from services rendered with Home and Community Care Block Grant funds must be accounted for in accordance with Department of Health and Human Services regulations governing the Older Americans Act (45 CFR 92.25). These regulations require that cost sharing/program income revenues be used prior to the reimbursement of federal and state matching funds for services. In addition, it is the explicit intent of G.S 143B-181.1(a)(10), that fees collected be reduced from the amount of reimbursement due to service providers. Therefore, to ensure the Division's ability to account for cost sharing/program income collected as a result of services rendered with funds administered by the Division of Aging, cost sharing/program income will be deducted from the amount of monthly reimbursement due to the community service provider.

In the event that a service provider expends the entire Home and Community Care Block Grant allocation for a given service and continues to collect cost sharing/program income for service units already reported, the provider must continue to report cost sharing/program income collected and units of service provided and funded by the Home and Community Care Block Grant with cost sharing/program income collected after the service allocation has been exhausted.

The amount of Cost Sharing/Program Income will be reported monthly on Computer Keyes, **manually** via form DOA-543, or by direct access to ARMS. Specific instructions for completing this form are included in Section 4. Policies and procedures governing reimbursement for all Home and Community Care Block Grant services are included in Item X.

X. Reimbursement

A. Background Information

1. Sources of Home and Community Care Block Grant Funds

The Home and Community Care Block Grant is made up of several sources of funds. These funds have been consolidated for reporting purposes. Funds for the block grant are comprised of the following:

- Title III-B Supportive Services
- Title III-C-1 Congregate Meals
- Title III-C-2 Home Delivered Meals
- Title III-D Frail Elderly Services
- Social Services Block Grant Transfers
- State Appropriations

2. Flow of Funds

The flow of funds described below is referred to as option "A". Unless otherwise specified, all information regarding the processing of reimbursement data pertains to option "A".

Title III funds flow from the U.S. Department of Health and Human Services, Administration on Aging, to the N.C. Division of Aging to the respective Area

Agency on Aging to the individual county governments at which point funds are disbursed for county aging services.

Social Services Block Grant funds flow from the U.S. Department of Human Services Administration for Children and Families, Office of Community Services, to the N.C. Department of Human Resources, to the N.C. Division of Aging to the respective Area Agency on Aging to the individual county governments at which point funds are disbursed for county aging services.

State appropriations will flow from the Division of Aging to the respective Area Agency on Aging to the individual county governments at which point funds are disbursed for county aging services. State appropriations include the following:

- funds appropriated by the North Carolina General Assembly through Chapter 1095 of the 1987 session laws;
- funds identified as state supplement to Title III-D;
- other state funds appropriated for state matching requirements;
- funds appropriated to fund a shortfall of federal grant funds in the 1989 General Assembly;
- state funds which, until this block grant, were administered by the N.C. Division of Social Services for use in State In-Home services and Adult Day Care, and;
- other state appropriations.

An exception to the flow of funds outlined above as option "A" will occur when a county opts to have the funds previously administered by the N.C. Division of Social Services flow directly from the Division of Aging to the county. This funding option is referred to as option "B". The implementation of option "B" has implications for local departments of social services with regard to the procedures that will be used to process reimbursement data. Reimbursement implications are outlined on page 3-28 of this section. Implications which impact reporting client and service data through the ARMS system are included in Section 4.

Regardless of the flow of state funds (option A or option B), all of the above referenced funds will be identified only as Home and Community Care Block Grant funds until audit confirmations are completed in July of each year which will identify funds paid to each county by originating sources of funds.

Regardless of the source of funds, a local match of 10 percent of gross will be required for all funds received by a county.

Examples of matching ratios are:

SSBG 87-1/2 % State 2-1/2 percent Local 10%

or

Title III 85% State 5% Local 10%

or

State 90% Local 10%

In addition to the above referenced funds, there will be a supplemental payment made to counties for meals served to older adults either as a congregate meal or home-delivered meal as prescribed by Older Americans Act regulations. This supplement is provided by the U.S. Department of Agriculture (USDA) and is a specified amount per meal. The amount of USDA supplement is determined by the Department of Agriculture as instructed by the U.S. Congress.

3. Reporting to the Aging Resource Management System

The Division of Aging maintains an integrated database for reporting client and reimbursement data. This database has the ability to process information for the purposes of tracking client services, units of service delivered, units of budgeted services by region, by county, by provider, by service category (i.e. access, in-home services), and by service. This database is also utilized to determine a service provider's reimbursement for each month of service delivery. Except for local departments of social services reporting reimbursement information for In-Home Aide Services through the Services Information System (SIS), all information will be submitted by each service provider in diskette format to the respective Area Agency on Aging or through direct access to ARMS. The data will be merged with other provider diskettes at the Area Agency on Aging and transmitted to the Division of Aging database via communications with the ARMS. Software containing screens for entry of data will be provided by the Division of Aging. This software requires an IBM compatible personal computer with MS-DOS (version 2.0 or better) and RAM of 128 Kilobytes, at a minimum. Service providers not possessing this capability may request a waiver from this reporting format from the Area Agency on Aging and submit manual reports for data entry via the Area Agency on Aging. The Division of Aging will provide training to providers in

concert with the respective Area Agency on Aging for reporting in this format. Section 4 of this manual outlines, in detail, requirements for reporting unit and non-unit data to the Division's Aging Resource Management Information System.

Information regarding how local departments of social services report reimbursement information for In-Home Aide Services through the SIS is addressed in the SIS manual. Regardless of whether or not local departments of social services report In-Home Aide Services through the SIS, all local departments of social services will be required to submit monthly Service Cost-Sharing/Program Income information in diskette format to the Area Agency on Aging or by directly accessing ARMS in accordance with established reporting deadlines.

4. Reporting Deadlines

The Division of Aging utilizes the State Treasurer's Electronic Payments System (STEPS-OUT) for reimbursement to all eighteen Lead Regional Organizations/Area Agencies on Aging. Due to this factor and the Division's intent to pay service providers on a timely basis with as little delay as possible, reporting deadlines have been established so the Division may process reimbursement data and transfer reimbursement funds no later than the 25th calendar day of each month unless there is a delay due to holidays or weekends or other factors beyond the control of the Division. The schedule is tight but realistic. Service providers will cutoff monthly reporting of service data on the 28th of each month and submit diskettes to the Area Agency on Aging or through direct access to ARMS on or before 5 pm on the 11th calendar day of the month following the cutoff date. The Area Agency on Aging will compile and merge provider data and transmit the data to the Division of Aging's database no later than 5 pm on the 11th calendar day of each month, unless the Provider has direct access to ARMS. (Data received after the prescribed deadlines may be submitted the following month for processing.) The Division of Aging will process the data and forward reimbursements to the Area Agency on Aging no later than the 25th calendar day of each month. The county should receive reimbursement by the 27th of the month and providers should receive reimbursement no later than the last day of each month following the month of reporting with the exception of the month of February.

IMPORTANT NOTE: The Division's automated system is closed on the 12th day of the month following the month of services reported. Any

corrections to reported data will be corrected in the next reporting period. Reimbursements are directly tied to the data reported on ARMS. Failure to report data by the closing date will result in a delay of reimbursement for that data until the following reimbursement period.

5. Role of Service Providers

Service providers are those agencies responsible for the provision of in-home and community based services. Community service providers may be county agencies, private non-profit or private for-profit organizations. Private for-profit service providers must be selected through a procurement process. Community service providers are required to adhere to the Division of Aging's format for reporting client and reimbursement data on the ARMS, with the exception of local departments of social services who utilize the North Carolina Division of Social Services' Services Information System (SIS) for reporting the delivery of In-Home Aide Services and/or submitting client registration data. County operated providers are required to follow federal rules and regulations as set forth in U.S. OMB circular A-128. Non-County operated provider organizations will follow U.S. OMB circular A-133. All service providers, without exception, are required to adhere to the Older Americans Act and U.S. Department of Health and Human Services (HHS) Federal Regulations in 45 CFR, part 92 and part 1321 with regard to the use of Federal and State funds for the provision of aging services.

Community service providers who procure services from other organizations (county, private non-profit, private for-profit) are responsible for ensuring that Home and Community Care Block Grant services are provided in accordance with Home and Community Care Block Grant policies and procedures and Division of Aging service standards.

The Area Agency on Aging is available to provide technical assistance and guidance when questions arise regarding service standards and other Federal and State policy pertaining to Home and Community Care Block Grant funding.

6. Role of County Finance Office

The county finance office of each county shall be responsible for the disbursement of Home and Community Care Block Grant funds to designated community service providers. This task may be delegated to the Area Agency on Aging if so specified in the Grant Agreement. The Division of Aging will

provide a monthly recap of funds paid to the county for reimbursement to individual service providers so that a proper accounting and reconciliation of funds may be accomplished. This reimbursement will consist of 90 percent of the reported requests for allowable reimbursement, less a deduction for any program income reported by the community service provider. The Division will withhold the 10 percent local matching share of the 100 percent of eligible Home and Community Care Block Grant expenditures reported for reimbursement. The shares will be computed after the deduction of cost sharing/program income. An example is presented as follows:

Provider XYZ submits 3000 units of service at a rate of \$7.50 per unit and also reports \$550 received as program income for that month.

The Division Aging reimburses (3000 x \$7.50) minus \$550 times 90 percent which equates to \$19,755. The Division's accounting records will reflect \$22,500 in total expenditures of which \$550 is program income, \$2,195 is local receipts, and the remaining \$19,755 is Home and Community Care Block Grant funds. The 3000 units @ \$7.50 equal \$22,500 in eligible reported expenditures; program income of \$550 is withheld and the remaining \$21,950 is subject to the withholding for the local 10% share which yields the reimbursement of the Home and Community Care Block Grant share or \$19,755. If the above units were meals, an additional amount would be included in the reimbursement equating to the USDA meal rate times the number of meals reported.

USDA supplements for meals served following Title III guidelines will be added to computed reimbursements.

7. Role of Area Agency on Aging

The Area Agencies on Aging are mandated by the Older Americans Act, section 305. There are eighteen Area Agencies on Aging in North Carolina. Area Agencies on Aging are responsible for planning and coordinating aging services to the population age 60 and above in planning and service areas (PSA). In addition, each Area Agency on Aging is required to submit an annual Area Plan which is incorporated into the State Aging Services Plan. The State

Plan is submitted to the Commissioner of the Department of Health and Human Services, Administration on Aging, for review and comment. Detailed functions of an Area Agency on Aging are published in section 306 of the Older Americans Act and 45 CFR, Part 1321. For purposes of reimbursement, the Area Agency on Aging is responsible for compiling reimbursement data as received by service providers in the planning area and submitting the data via the ARMS to the Division of Aging. The Area Agency on Aging will also receive a collective reimbursement from the Division of Aging for payment to each county according to the monthly schedule of reimbursement. This schedule will be forwarded simultaneously to the Area Agency on Aging and County Finance Director. The Area Agency on Aging will be responsible for direct reimbursement to the county finance officer of funds disbursed by the Division of Aging for which grant agreements exist between Area Agency on Aging and County. The Area Agency on Aging may be responsible for directly reimbursing service providers if the grant agreement between the Area Agency and the county so stipulates. The Area Agency on Aging shall coordinate the resolution of disagreements between community service providers, counties and the Area Agency on Aging. The Division of Aging shall provide reimbursement arbitration when needed.

8. Role of Division of Aging

The Division of Aging will compile data from the various Area Agencies on Aging and local Service Providers for purposes of reimbursement. Once the final deadline date for submission of reimbursement data occurs, the ARMS will no longer accept data for the closed month's processing. Each region's data will be processed for payment and sorted by region, by county, by service category, by provider and by service code. Once calculations for reimbursement have been completed, the Division will summarize payments for the Area Agencies on Aging, with detail attached, breaking down the payment by county and within each county, by service category, by provider and by service. This will enable the Area Agency on Aging to determine how much of the summary reimbursement is assigned to each county. The summary data will also provide the county with the information needed to properly record reimbursements for each service provider and each service provided. Summary data will also provide the county with the detail data necessary to track program income and USDA meal supplements.

The Division will record all expenditures of funds reported, both reimbursed and withheld. The Division's policy is to record total costs reported for a

service category and to withhold shares of minimum local match, program income, services provided with all local funds, if reported, and any other expenditures reported regardless of funding source. The Division will record all sources of revenue supporting expenditure data. This includes all federal and state funds in the Home and Community Care Block Grant, all local funds either minimum match or local funds in excess of minimum match, USDA supplements and other local fund sources as reported. Receipt support will be recorded to the Area Agency on Aging and county level. This will enable the Division to track funds to the local level of expenditure as required by regulation. Providers will treat all funds received as ninety percent combined federal and state funding regardless of the originating source at the Division level. Exceptions to this rule are USDA meal supplements which are 100 percent federal funds.

9. Reimbursement Recaps

Reimbursement recaps will be provided with each monthly payment to the county finance officer. The Division of Aging will simultaneously provide this recap to the Area Agency on Aging and to the county finance office. This method will eliminate any confusion or additional work by the Area Agency on Aging and/or the county finance officer in tracking the funds from the Division.

This method also insures that the county finance officer will be able to identify which service providers are to be paid, how much and for what service(s). Any disagreements pertaining to payments received by the service providers must be communicated to the Area Agency on Aging by the county finance office. The Area Agency on Aging will determine if the complaint is due to error on the part of the provider, county, Area Agency on Aging or state. In most cases, reimbursement errors will be the result of a data keying error or a coding error by a service provider worker. Other instances of error are due to: omission of data; failure to meet closing deadlines; keying errors by the Division in preparing reimbursements or compiling of recap data; or computer systems problems. The procedure for tracking errors will allow for an organized approach and oversight in follow-up to payment complaints.

10. Interim Payments

The Division of Aging intends to pay providers on an interim basis for services provided to older adults in the month in which services are provided. In accordance with federal reimbursement policy, the grantor agency may not expend federal grant funds to subrecipients more than three days in advance of

a subrecipients outlay of funds. Financial analysis has revealed that the subrecipients of Aging funds, as a whole, expend an average of ninety-nine percent of their funds each month. Therefore, the assumption can be made that on the 20th calendar day of each month the providers of aging services will have expended 70 percent of a month's allotment of budgeted costs. The Division will forward an interim payment through reimbursement channels to providers equaling 70 percent of one-twelfth of a provider's annual budget of Home and Community Care Block Grant funds on the 20th day of each month. Settlement for actual reported expenditures eligible for reimbursement will occur in the month following the month of services reported for reimbursement. Interim payments are intended to help relieve cash flow problems for community service providers. The Area Agency on Aging and the county finance officer will be expected to forward these funds to the intended parties as soon as possible. The county finance officer may choose to fund providers with interim payments with local funds at an earlier date and use the funds received from the Division as reimbursement to their bank accounts. This is a county decision. Under no circumstances should the Area Agency on Aging or county retain these funds for purposes of earning interest as this is not the intent of the interim payments plan. The Area Agency on Aging will receive interim payments as requested for administration, legal and other eligible costs incurred by the Area Agency on Aging. State cash management policy does not provide for the allowance of interim payments in the month of June due to the closeout of the state's cash basis accounting system. Therefore, May services will be settled in June and no interim payment will be made in June.

11. Quarterly Allotment of Funds

The Division of Aging does not have access to an annual amount of budgeted funds at any given time during the year. Normally, funds from various sources are made available to the Division on a quarterly basis. With this restriction in mind, the Division of Aging must regulate the disbursement of funds on a quarterly basis in order to insure that its available flow of funds is not over extended. Therefore, the Division of Aging must make funds to Area Agency on Aging and the county available on a quarterly basis. The combination of interim payments and actual expenditures reimbursed from Home and Community Care Block Grant funds must be restricted to one-fourth of the annual budgeted funds each quarter for each county and Area Agency on Aging. Eligible expenditures reported for reimbursement exceeding the

quarter's allotment of funds will be carried over to the following quarter for reimbursement.

12. Tracking the Expenditure of Home and Community Care Block Grant Funds

For bookkeeping purposes; the 90 percent Home and Community Care Block Grant funds should be reflected as ninety percent combined federal and state funds. Below are the categories of services, funding source and CFDA Numbers for Federal grant funds. Funding sources are those presented below unless notified at a later date of alternate funding sources.

<u>Service Category</u>	<u>Funding Source</u>	<u>CFDA Number</u>
Access	HHS Title III-B	93.044
In-Home	HHS Title III-B	93.044
Congr.Meals	HHS Title III-C-1	93.045
Home Del.Meals	HHS Title III-C-2	93.045
USDA Supplement	USDA Elder Feeding	10.550
Alternate Sources:		
Access	HHS SSBG	93.667
In-Home	HHS SSBG	93.667
In-Home	HHS Title III-D	93.046

B. Reimbursement Policies and Procedures for Community Service Providers

All policies and procedures outlined below pertain to funding option "A" (all funds flow from the Division of Aging to the Area Agency on Aging to the county). Policies and procedures specific to option "B" (some funds flow directly from the Division of Aging to the county) are included on page 3-28.

1. General Requirements

Community service providers are required to adhere to the Division of Aging's format for reporting client and reimbursement data on the ARMS, with the exception of local departments of social services who utilize the Services Information System (SIS) for submitting client registration data/In-Home Aide reimbursement data. Those local departments of social services reporting In-Home Aide data through the SIS must adhere to the Division of Aging's monthly and quarterly format for reporting cost sharing/program income.

County operated providers are required to follow federal rules and regulations as set forth in U.S. OMB circular A-128. Non-County operated provider organizations will follow U.S. OMB circular A-133. All service providers, without exception, are required to adhere to the Older Americans Act and U.S. Department of Health and Human Services (HHS) Federal Regulations in 45 CFR, part 92 and part 1321 with regard to the use of Federal and State funds for the provision of aging services.

Community service providers who procure services from other organizations (county, non-profit, for-profit) are responsible for ensuring that Home and Community Care Block Grant services are provided in accordance with Home and Community Care Block Grant policies, procedures, and service standards.

2. Format for Submitting Reimbursement Data

All community service providers must submit all reimbursement data to the Area Agency on Aging either electronically or in diskette format, unless the provider is authorized to key data directly on-line in ARMS.

Software containing screens for data entry will be provided by the Division of Aging. This software requires an IBM compatible personal computer with MS-DOS (version 2.0 or better) and RAM of 128 Kilobytes, at a minimum. Service providers who do not possess the capability to submit reimbursement data in diskette format may request a waiver from the Area Agency on Aging and submit manual reports for data entry via the Area Agency on Aging.

3. Deadlines for Submitting Reimbursement Data

Community service providers will cutoff monthly reporting of service data for the purpose of requesting reimbursement on the 28th of each month. Diskettes containing reimbursement data must be submitted to the Area Agency on Aging by 10 am on the 10th calendar day of the month following the cutoff date for the month being reported. (Data received after the prescribed deadlines may be resubmitted the following month for processing.)

4. Frequency of Reimbursement

Counties will be reimbursed monthly. Providers will receive reimbursement from the county finance office unless the county has delegated the task of reimbursing Providers to the Area Agency on Aging. The county finance office

will be encouraged to reimburse service providers in a timely manner to minimize cash flow problems. The county finance office will receive monthly settlements of Home and Community Care Block Grant funds on or about the 27th calendar day of each month following the month of services provided.

5. Interim Payments to Counties

The county finance office will receive interim payments on or about the 22nd day of each month in the month services are being provided. An interim payment is forwarded to the county finance office for the explicit purpose of forwarding these funds to providers as soon as possible or, for counties issuing payments in advance of DOA interims, to replenish funds used from county bank accounts. Interim payments will not be made in the month of June due to restrictions on state funds under the State's cash management policy. Counties failing to forward interim payment within three days of receipt of funds shall be liable for repayment of any interest accruing on those funds.

6. Methods of Reimbursement

a. Providers will report Home and Community Care Block Grant activities for reimbursement using one of the following two methods:

- 1) Services reported in units; and
- 2) Services reported at cost (non-unit services)

The following services will be reimbursed according to the number of units of service provided.

- a. Adult Day Care
- b. Adult Day Health Care
- c. Congregate Nutrition
- d. Group Respite Care**
- e. Home Delivered Meals
- f. In-Home Aide
- g. Institutional Respite Care
- h. Senior Companion
- i. Skilled Home (Health) Care
- j. Transportation

The following services are non-unit services and will be reimbursed according to allowable expenditures reported.

- a. Care Management
- b. Group Respite Care (Service Code 309)**
- c. Health Promotion/Disease Prevention**
- d. Health Screening
- e. Housing and Home Improvement
- f. Information and Case Assistance
- g. Mental Health Counseling
- h. Senior Center Operations
- i. Volunteer Program Development

b. Unit Based Reimbursement

Except for local departments of social services reporting service data through the SIS and providers directly accessing ARMS, community service providers will report to the Area Agency on Aging, on a monthly basis, the number of units of service provided by service, by client, to be charged to the Home and Community Care Block Grant. All service providers must also report the amount of program income collected, by service, for the month being reported. Program income reported will be used in computing reimbursement.

Computations for unit based services are determined as follows:

- 1) Non-nutrition unit based services:
[(Units reported X Unit rate) - Program income] X 90%
- 2) Non-nutrition unit based services exceeding quarterly allotment of funds:
{[(Units reported X Unit rate) - Program Income] X 90% } - eligible expenditures exceeding quarterly allotment
- 3) Unit based nutrition services:
{[(Units reported X Unit rate) - Program income] X 90% }+ (Units reported X USDA meal supplement rate)

- 4) Unit based nutrition services exceeding quarterly allotment of funds:
{[(Units reported X Unit rate) - Program income] X 90% } +
(Units reported X USDA meal supplement rate) - eligible expenditures exceeding quarterly allotment

For congregate and home delivered meals, units will earn USDA subsidy. Therefore, units provided after all Home and Community Care Block Grant funds have been expended may continue to be reported so that USDA subsidy may be earned for those meals (see item d.)

In the event there is an increase in the amount of USDA subsidy provided for meal services, which becomes effective after unit reimbursement rates for the state fiscal year are established, the Division of Aging will adjust the unit reimbursement rate for both congregate and home delivered meals by the amount of increase provided through the USDA subsidy.

In the event that a service provider has expended the entire Home and Community Care Block Grant allocation for a given service and continues to collect cost sharing/program income for service units already reported, the provider must continue to report cost sharing/program income collected and units of service provided and funded by the Home and Community Care Block Grant with cost sharing/program income collected after the service allocation has been exhausted.

The Area Agency on Aging will merge data submitted by community service providers and transmit the data to the Division of Aging's ARMS for computations of reimbursement to individual providers. Providers with direct access to ARMS will transmit their data directly to ARMS.

c. Reimbursement of Non-Unit Services:

The community service provider will report to Area Agency on Aging or through direct access to ARMS, on a monthly basis, line item expenditures to be charged to the Home and Community Care Block Grant for services which are non-unit based. Service providers must also report the amount of program income collected, by service, for the

month being reported. Program income reported will be used in computing reimbursement.

Computations for non-unit based services are determined as follows:

- 1) Non-unit based services:
(Direct costs + Indirect Costs + Program Costs - Program income) X 90%
- 2) Non-unit based services exceeding quarterly allotment of funds:
[(Direct costs + Indirect Costs + Program Costs - Program income) X 90%] - eligible expenditures exceeding quarterly allotment

The Area Agency on Aging will merge data submitted by community service providers and transmit the data to the Division of Aging for computations of reimbursement to individual providers. Providers with direct access to ARMS may transmit this data directly to ARMS.

d. USDA Entitlement For Non-Block Grant Meals

United States Department of Agriculture (USDA) Nutrition Program for the Elderly (NPE) entitlement payments are available through the Division of Aging on a monthly basis for meals served from any funding source (including private-pay). Meals not reimbursed or provided with program income through the Home and Community Care Block Grant are eligible for USDA entitlement payments, provided the following conditions are met:

- 1) Meals meet one-third of the Recommended Dietary Allowances (RDA) requirements.
- 2) Clients served are aged 60 or over, or are the spouse of a person aged sixty (60) or over.
- 3) Meals are served by a provider who is under the jurisdiction, control, management, and audit authority of an Area Agency on Aging. The provider does not have to be providing meals through the Home and Community Care Block Grant.

The criteria specified in item #3 shall be met as follows:

- (a) The Area Agency on Aging must verify that meals meet the criteria specified in items #s 1 and 2 when meals are reported monthly to the Division for entitlement payment. The Area Agency shall provide certification on the basis of an assessment, to be conducted at least annually, of meals provided through non-Division of Aging administered funding. The assessment will assure that eligible clients are receiving meals meeting one-third RDA requirements. Assessment of the basis of full Division of Aging Service Standards for nutrition services are not appropriate for these meals.
- (b) Per requirements of OMB Circular A-133 and/or G.S. 143-6.1, providers are responsible for ensuring that funding sources for NPE entitlement meals are included in an audit which meets the specifications of OMB Circular A-133 or as directed by the Office of the State Auditor. A copy of the audit shall be provided to the Area Agency on Aging for review.
- (c) Negotiations between the Area Agency on Aging and provider for assessment and audit review services, inclusive of any financial considerations, is the responsibility of the provider.

NPE entitlement meals will be reported through ARMS. Congregate meals will be coded 181 and home delivered meals 021.

7. Maximum Reimbursement Rates

a. Adult Day Care

In an effort to establish more consistent rates, which more closely reflect the actual cost of service for Adult Day Services administered by the Department of Social Services and the Division of Aging, the Division of Aging, under the direction of the Department of Human Resources, has established, effective July 1, 1992, a maximum reimbursement rate for daily care

and a maximum reimbursement rate for transportation associated with the provision of Adult Day Care Services. As specified in the instructions for completing the county Funding Plan, the Adult Day Care unit reimbursement rate will be comprised of three components: daily care, transportation and administration. Listed below is a description of each unit rate component and the maximum rate, if applicable.

- 1) Daily Care - the direct cost of providing care to a client for one day.

The maximum rate for daily care is \$21.00 per day, per client, not to exceed \$455.00 per month.

- 2) Transportation - represents the cost of providing transportation for clients to and from the adult day care facility.

The maximum rate for transporting a client one-way will not exceed \$1.04. The maximum daily reimbursement rate for round trip transportation will not exceed \$2.08, not to exceed \$45.00 per month.

- 3) Administration - represents all other costs associated with the provision of the adult day care service.

Service units will be reported for all enrollees based on the number of days they are scheduled to attend through the client care plan, instead of reporting units of service based on days of actual attendance. Two (2) units of service cannot be reported for the same enrollee space on the same day. When an enrollee is absent for 10 consecutive days, units for the person will no longer be reported until such time the person returns.

To maximize the use of Home and Community Care Block Grant funds for Adult Day Care/Day Health Services, all Adult Day Care/Day Health providers should develop strategies to accommodate providing underserved participants with additional services when there are absent enrollees.

Adult Day Care/Day Health Care providers cannot request reimbursement for holidays, weekends, or days when the adult day care/day health care center is scheduled to be closed.

b. Institutional Respite Care

As specified in North Carolina General Statute 143B-181.10, the reimbursement rate for Institutional Respite Care shall not exceed the current maximum monthly rate for domiciliary care that may be charged to public assistance recipients. **The maximum monthly rate effective July 1, 1996 is \$1120 per month. This rate includes \$874 for room and board and \$8.07 per day for personal care ($\$8.07 * 30.5 = 247$) + \$847 = \$1120. Maximum monthly rate for domiciliary care are available from the North Carolina Division of Social Services.**

To determine the maximum reimbursement rate per day, divide the current maximum monthly rate by the number of days in the month, then multiply the daily rate times the number of days the service is provided during the month.

Since rate increases for publicly subsidized domiciliary care do not necessarily occur in conjunction with the onset of a new State Fiscal Year, community service providers are advised to periodically contact the **North Carolina Division of Social Services, Adult and Family Services Section at (919) 733-7145** to determine if a rate change has been approved and the effective date.

8. Tracking the Expenditure of Home and Community Care Block Grant Funds

For bookkeeping purposes; the ninety percent Home and Community Care Block Grant funds should be reflected as combined federal and state funds.

C. Reimbursement Procedures for Option "B"

Counties choosing to be reimbursed directly from the Division of Aging for In-Home and Adult Day Care funds previously administered by the Division of Social Services shall require the local department of social services to follow the directions previously stated for the portion of funds which are identified as Pre-Home and Community Care Block Grant funds which have historically resided within the Division of Aging. These funds must be routed through the Area Agency on Aging. Reimbursement request for funds that are identified as former Division of Social Services In-Home funds and Adult Day Care funds will be submitted directly to the Division of Aging by the local department of social services for those counties choosing option "B". Procedures required for the implementation of option "B" include the following:

1. The local department of social services must acquire the Computer Keyes software package currently being utilized by the Division of Aging for its Area Agencies on Aging. This software must be in place prior to request for reimbursement.
2. Local departments of social services will enter, on the Computer Keyes software package, the same service data for option "B" funds as required for option "A" funds (see page 3-2 for reporting requirements). In addition, the local department of social services must electronically transmit service data for option "B" funds directly to the Division of Aging by 5 pm on the 11th calendar day of the month following the month being reported. (Local departments of social services reporting the delivery of in-Home Aide services through the SIS must utilize the Computer Keyes program to transmit Service Cost-Sharing/Program Income data to the Division of Aging.)

Local departments of social services receiving both option "A" and option "B" funds will be required to either submit a diskette containing required service data for option "A" funds to the Area Agency on Aging by an agreed upon time or key data through direct access to ARMS by 5 pm on the 11th calendar day of the month following the month being reported in addition to electronically transmitting required service data for option "B" funds to the Division of Aging also by 5 pm on the 11th calendar day of the month.

3. Local departments of social services reporting client data through the ARMS (and not the SIS) will also submit all client data (see page 3-2,

Section 3) for either option "A" funds or option "B" funds through the Area Agency on Aging by the 10th calendar day of the month following the month being reported. Client data will be reported through the Area Agency on Aging because it may be difficult to determine whether a client is an option "A" client or option "B" client. (Data received after the prescribed deadlines may be resubmitted the following month for processing.)

Instructions for reporting service data for reimbursement through option "B" are contained in Section 4.

4. Local departments of social services providing services under option "B" must also complete two additional forms for entry on the ARMS prior to reporting any service data for either unit based or non-unit based services. These forms provide general information necessary for the ARMS to accept service data for the purpose of procession reimbursement information. The two forms are as follows:

- a. DOA-150 - Provider Agency Information:

This form is completed annually and provides the information necessary to establish the agency as a community service provider on the ARMS. This form must be submitted to the Division of Aging by June 25th.

- b. DOA-MIS-300-Site Route Worker Tables:

This form identifies the particular sites at which the community service provider will provide services. This form must be completed and submitted to the Division of Aging prior to processing July reimbursement data. Site/Route information may be updated throughout the year as necessary on Form DOA-MIS-301.

Instructions for completing these forms are included in Section 4.

Counties choosing this option will be required to adhere to the same requirements for reporting as the Area Agencies on Aging. Payment recaps for option "B" funds will be received by the County Finance Office along with the recap of the reimbursements following the standard method of reimbursements following the standard method of reimbursements. The Division of Aging will

make every effort to accommodate counties requesting to implement option "B".

XI. Budget Revisions

A. General Requirements

The following policies and procedures govern all budget revisions for Area Agency on Aging activities and provider services funded through the Division of Aging, with the exception of Title V Senior Community Employment Programs.

1. Budget revisions will not be made prior to January 1, unless authorized or requested in writing by the Division of Aging. Area Agencies on Aging shall transmit budget revision data to the Division of Aging no later than June 15.
2. All budget revisions are retroactive to July 1.
3. Conditions which require budget revisions are as follows:

a. Reallocation of Funds

Funding may be voluntarily reallocated between Area Agencies on Aging, between counties, or between services within counties. The reallocation of funding will not affect the allocation of future funding.

b. Changes in Budget Information

A budget revision is required when a change occurs in either the planned number of units, net unit cost, or total cost.

B. County Responsibilities Through the Home and Community Care Block Grant

1. While the Area Agency has the responsibility to provide technical assistance to counties concerning expenditures. Budget revisions affecting County Block Grant services are voluntary and are the responsibility of the service provider. It is the responsibility of the service provider to ensure that any approval procedures required by the county are carried out prior to the transmittal of the Community Service Revision (DOA-732R) (attached) to the Area Agency on Aging. When the Area Agency on Aging is the lead agency for the Block Grant, they may work directly with providers in obtaining county approval.

If a budget revision will cause the county to fall below the minimum budget requirements for either Access, In-Home, Congregate Nutrition, or Home Delivered Meals services, the County Grant Administrator shall request a waiver from the minimum budget amount in writing and receive written approval from the Area Agency director prior to the submission of the (DOA-732R) by the community service provider.

2. Area Agencies on Aging will receive budget revisions directly from community service providers via the DOA-732R form and will solicit corrections directly from the community service provider.
3. Area Agencies on Aging, working with the Division of Aging, may make recommendations to the County Grant Administrator concerning the appropriateness of revisions to unit costs. When a budget revision results in an increase in a unit rate(s), or a reduction in the projected member of clients to be served in a non-unit service, the community service provider shall provide the Area Agency on Aging with written justification attached to the DOA-732R form. This justification will be retained by the Area Agency on Aging. If the unit rate increase exceeds the current unit rate by more than 5%, or for non-unit services, projected clients are reduced by more than 5%, the provider shall also attach documentation that the Chairman of the Board of Commissioners has been informed in writing of the amount of rate increase or loss of clients and justification for the change.

- C. County Responsibilities for Non-Block Grant Services and Activities Awarded through the County
The county shall administer budget revisions for services and activities specified on the addendum to the County Grant Agreement.

- D. Provider Responsibilities for Non-Block Grant Services Awarded Directly through the Area Agency on Aging
 - 1. Service providers shall submit budget revisions to the Area Agency on Aging via the DOA-732R form. Written justification shall be attached to the form if the budget revision results in an increase in a unit rate(s) or a reduction in projected clients to be served in a non-unit service.
 - 2. The Area Agency on Aging, as the awarding agency, may reject revisions submitted by providers. Under these circumstances, the Area Agency on Aging will negotiate any changes to current budgets with providers.

- E. Area Agency on Aging Responsibilities
 - 1. Area Agencies on Aging should review service provider reimbursement activity, as provided on the ZGA-370 report available through ARMS each month. With this information, Area Agencies may initiate the voluntary reallocation of services funding between counties in the region or voluntarily allow for excess funding to be reallocated through the Division to other regions. The ZGA-370 report series is discussed in the Reimbursement Reports Manual (Section 2414).
 - 2. Area Agencies on Aging shall notify the Division of Aging Budget Officer in writing under the following circumstances:
 - a. Request for Waiver of Regional Minimum Budget Amount
 - 1) if a budget revision will cause the region to fall below required minimum budget amounts for in-home, access, legal services, congregate nutrition or home delivered nutrition, the Area Agency on Aging will either reject the revision, or request, in writing, a waiver of the budget requirement(s) from the Division of Aging Budget Officer.

- 2) if a waiver is requested, the Area Agency shall not enter the revision(s) into ARMS until a written response is received from the Division.
- b. Other Budget Revisions that Affect Funding Amounts Stated on the Notification of Grants Award (NGA)
- 1) Area Agencies on Aging shall notify the Division of Aging's Budget Officer in writing of any change to NGA funding amounts. This notification is required when a region is reverting aging services funding to the Division or when a budget revision affects NGA funding amounts but does not affect budget requirements. Transfers between State AAA administrative support, Elder Abuse, Title III-F and other funding sources on the NGA is prohibited.
 - 2) The Division will issue a revised NGA within ten (10) working days of receipt of the change in NGA funding amounts. Receipt of the revised NGA denotes Division approval.
 - 3) When a written waiver from the Division is not required, Area Agencies may enter budget revision information into ARMS prior to the receipt of the revised NGA.
3. Prior to entering revised budget data into ARMS, Area Agencies shall review the DOA-732R form to ensure that:
- a. Minimum budget amounts have been met;
 - b. The revision does not cause the regional aging services allocation to be exceeded, and;
 - c. The DOA-732R form is complete and accurate.

Area Agencies shall enter revised budget data into ARMS,

F. Division of Aging Responsibilities

1. The Division will provide the Area Agency on Aging with a revised NGA within ten (10) working days of receipt of the notification from the Area Agency.
2. The ZGA-370 ARMS output report series is the basis for reimbursement through the Division. Budget revisions entered into ARMS by 5:00 p.m. on

the day that the Division processes monthly reimbursement will be reflected on the next month's ZGA-370 series of reports. Monthly reimbursement is processed on the 12th. If the 12th falls on a week-end or holiday, reimbursement is processed the first business day thereafter.

Instructions for
Provider Services Summary Revision form (DOA-732-R)

- A. This form serves to transmit budget revision data for all provider services, inclusive of legal, senior center outreach, and Title III-F, to Area Agencies on Aging. Unless authorized by the Division of Aging through the Area Agency on Aging, budget revisions will not be made prior to January 1. Final budget revision data shall be transmitted to the Division of Aging by Area Agencies on Aging no later than June 15.
- B. Service providers are responsible for completing and sending this form to the Area Agencies on Aging for entry into ARMS. Providers will enter data in all applicable columns on the form, whether or not specific columns are being revised.

Providers shall attach written justification to the DOA-732R form if the revision results in an increase in a unit rate(s) or a reduction in projected clients to be served in a non-unit service.

- C. Prior to entering revised budget data into ARMS, Area Agencies on Aging review the DOA-732R form to ensure that:
 - 1. Minimum budget amounts have been met;
 - 2. The budget revision does not cause the regional aging services allocation to be exceeded, and;
 - 3. The DOA-732R form is complete and accurate.
 - 4. When unit rate increases exceed 5% of the current rate, or for non-unit services, projected clients are reduced by more than 5%, the provider has attached documentation that the Chairman of the Board of Commissioners has been informed in writing of the amount of rate increase or loss of clients and justification for the change.

XII. Accounting System

A. Accounting Standards

1. All organizations which receive funding administered by the Division of Aging shall maintain an accounting system for properly handling these funds and for recording all pertinent transactions which meets generally accepted accounting principles.
2. The accounting system used by grantees and contracting agencies must meet the requirements of Chapter 159 of the General Statutes of North Carolina, the local Government Budget and Fiscal Control Act, and the following minimum criteria:
 - a. The system must provide for the separation and identification of local resources which meet local matching requirements;
 - b. Records must be maintained which identify adequately the source and application of funds for grantee/contractor supported activities. These records shall contain information pertaining to the grant/contract award and authorizations, obligations, unobligated balances, assets, liabilities, revenues and expenditures.
 - c. Effective control over, and accountability for, all grant award funds and any real and other property acquired with such funds must be developed. Recipients of awards shall adequately safeguard all such property and shall assure that it is used solely for authorized purposes;
 - d. The system shall document and support authorized budgeted expenditures, authorized appropriations, actual expenditures, and actual receipts;
 - e. Procedures must be implemented to minimize the time elapsing between the transfer of funds to the recipients of awards by the Division of Aging. All requests for cash by grantees shall be made as close as possible to the time when cash is needed;
 - f. Procedures must be designed and carefully followed in determining the allowability and allocability of eligible costs in accordance with the applicable cost principles.
 - g. Accounting records must be supported by source documentation, such as canceled checks, paid bills, payrolls, etc. Each entry in the accounting records shall refer to the document which supports the entry. Supporting documents shall be filed in such a way that they can be readily located;

- h. The accounting system shall contain an adequate means of internal control to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policy;
- i. All accounting records, supporting documents, statistical records, and other records pertinent to the grant/contract are to be kept readily available for examination by independent auditors, State and Federal personnel (or other appropriate persons) authorized to examine Older Americans Act or other relevant programs;
- j. Obligations incurred by recipients of award shall be liquidated within 30 days following the close of the fiscal year in which the obligations were incurred. No contracts shall extend beyond the end of the fiscal year;
- k. No contracts shall extend beyond the end of the budget year approved, except in those instances approved by the Division of Aging and the State Budget Office.

B. Technical Assistance Provided

- 1. Area Agencies on Aging shall provide assistance to grantees and contractors, when requested, in the initial establishment or subsequent upgrading of an accounting system. Where necessary, the Division of Aging will provide technical assistance to supplement that provided by the Area Agency on Aging.
- 2. When inadequacies in accounting systems are found (through reviews of single audits or otherwise) the Area Agency on Aging and/or Division of Aging will provide technical assistance, as needed.

C. Freedom of Information Under Accounting System

- 1. Grantees and contractors must provide access to any books, documents, papers or records which the Division of Aging, the AoA, the Secretary of DHHS, the Comptroller General, or any of their duly authorized representatives determine are pertinent to an approved project or plan. However, grantees/contractors are not required to disclose those types of information or documents that are exempt from disclosure by a Federal agency under the Federal Freedom of Information Act, 5 U.S.C. 552
- 2. The Division of Aging will not place restrictions on recipients of award, nor shall recipients establish restrictions which will limit public access to the

recipient's records or to the records of their contractors, except when the records must remain confidential for any of the following reasons:

- a. To protect information which can be improperly exploited for personal gains;
- b. To protect commercial or financial information obtained from a person or a firm on a privileged or confidential basis;
- c. To comply with an Executive Order or statute which specifically requires the records to be kept confidential.
- d. To comply with the Freedom of Information Act limitations noted in "A" above; or
- e. To protect the confidentiality of individual program participant information.

D. Cash Depositories

1. Federal and state funding shall be deposited in institutions which are federally insured. Otherwise, the Division of Aging and Area Agencies on Aging shall not impose grant or contract terms which:
 - a. Require the recipient to use a separate bank account for the deposit of subgrant or contract funds; or
 - b. Establish any eligibility requirements for banks or other financial institutions in which recipients deposit subgrant or contract funds.
2. Consistent with the national goal of expanding opportunities for minority business enterprises, grantees and contractors are encouraged to use minority-owned banks.

E. Program Income/Cost Sharing

1. Definition of Program Income

Program income is defined as discussed in 45 C.F.R., Part 92.25. Note that services cost sharing is included in the definition of program income stated in 45 C.F.R., Part 92.25 (a) and (b). As required by 45 C.F.R., Part 1321.67.(b)(1), program income shall be utilized through the addition method, as specified in 45 C.F.R. Part 92.5(g)(2).

2. Accountability for Program Income

- a. Grantees/Contractors shall use generally accepted accounting standards for collecting and recording services cost sharing and other forms of program income. Accounting records maintained by grantees/contractors shall provide a clear audit trail on the receipts of program income and its expenditure.
- b. Program income shall be deposited into an appropriate account either weekly or when \$50 or more is accumulated.

F. Earned Interest

Interest earned by grantees/contractors through the deposit of payments from the Division of Aging is not program income. However, earned interest should be used to expand aging program services or activities.

XIII. RETENTION OF RECORDS

A. Accountability

This section applies to all financial and programmatic records, supporting documents, statistical records and other records of grantees and contractors, and their subcontractors, of the Division of Aging.

B. Length of Retention Period

1. Except as provided for in "2", "3", and "4" below records must be retained for three years from the starting date.

2. If any litigation, claim, negotiation, audit or other action involving a project's records has been started before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the three-year period, whichever is later.
3. In order to avoid duplicate record keeping, the Division of Aging may make special arrangements with grantees and contractors to retain any records which are continuously needed for joint use. The Division may request transfer of records to its custody when it determines that records possess long-term value. Under such conditions, the three year retention period is not applicable to the grantee/contractor.

Similar provisions may apply between grantees/contractors and their subgrantees/subcontractors.
4. State and local government units must maintain all performance and fiscal records in accordance with North Carolina State law.

C. Starting Date of Retention Period

1. Where Division of Aging grant or contract support is continued or renewed on an annual basis, the retention period for each year's records starts from 30 days after the date of submission to the Division of the grantee/contractor's annual or last expenditure for that year; in all other cases the retention period starts from 30 days after the date of submission to the Division of the grantee/contractor's final expenditure report.
2. Equipment Records

The retention period for equipment records starts from the date of the equipment's disposition replacement or transfer at the direction of the Division of Aging.

3. Records for Income Transactions After Grant or Contract Support

In some cases, there may be copyright royalties which are earned after expiration or termination of grant or contract support. Under such conditions, the retention period for the records pertaining to the earning of the income starts from the end of the grantee/contractor's fiscal year in which the income is earned.

4. Indirect Cost Rate Proposals, Cost Allocation Plans, Etc.

a. Applicability

This subparagraph applies to the following types of documents and their supporting records:

- 1) Indirect cost rate computations or proposals;
- 2) Cost allocation plans; and
- 3) Any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

b. If Submitted for Negotiation

If the proposal, plan, or other computation is required to be submitted to the Federal Government or to the Division of Aging to form the basis for negotiation of the rate, then the three-year retention period for its supporting records starts from the date of such submission.

c. If Not Submitted for Negotiation

If the proposal, plan, or other computation is not required to be submitted to the Federal Government or to the Division of Aging for negotiation purposes, then the three-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan or other computation.

D. Substitution of Microfilm

Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.

E. Access to Records

1. Federal Funds

DHHS, the Comptroller General of the United States, the Division of Aging, or any of their authorized representatives, shall have the right of access to any books, documents, papers, or other records of grantees/contractors which are pertinent to a grant/contract of Federal funds made by the Division in order to make audit examinations, excerpts, and transcripts.

2. State Funds

Similarly, the Division of Aging, or its authorized representatives, shall have access to records pertaining to grants or contracts involving State funds.

3. Extension to Subgrantees/Subcontractors

The provisions in "1" and "2" above shall extend to subgrantees/subcontractors. In such cases, the right of access shall include the grantee/contractor making the subgrant/subcontract.

4. Expiration of Right of Access

The rights of access in this section shall not be limited to the required retention period but shall last as long as the records are retained.

5. All grantee/contractor records (as well as subgrantee/subcontractor records), with the exception of information identifiable with a particular individual, are considered public information and should be accessible for public review at reasonably convenient times.

6. Unless required by Federal statutes, grantees/contractors may not limit public access to pertinent records except after a determination by the Division of Aging that the records must be kept confidential and would have been

exempted from disclosure under DHHS's "Freedom of Information" regulation if the records had belonged to DHHS.

7. This section does not require grantees/contractors to permit public access to their other records which are not pertinent to the grant/contract under review.

F. Confidentiality of Personal Information

Except for Division of Aging reporting and monitoring requirements, all information which is identifiable with any specific individual must be kept confidential unless the person concerned gives informed consent for the information to be released. This applies to both client information and personnel records.

XIV. AUDITS

A. General Audit Requirements

All public, non-profit, and for-profit grantees/contractors or subgrantees/subcontractors who receive funding through financial assistance with amounts exceeding \$300,000 in federal funds will be required to have performed a single audit as promulgated in OMB circular A-133. The only exceptions to this requirement are:

- o Those providers receiving state and federal funds up to \$299,999 will be required to submit an audit as prescribed by the Office of State Auditor of North Carolina, or**
- o Those providers receiving funds of \$15,000 to \$999,999 will be required to submit a sworn statement of accounting as prescribed in G.S. 143-6.1**

1. Audits shall be conducted by certified public accountants in accordance with generally accepted auditing standards which include:
 - a. Applicable requirements of OMB circulars A-110, A-128, and A-133 and/or NCGS 143-6.1.
 - b. Any specific audit instructions issued by the Division of Aging.
2. In order to produce unbiased opinions, conclusions, or recommendations, audits shall be conducted by qualified individuals who are sufficiently independent of those who authorize the expenditure of funding provided through the Division of Aging.

3. Each grantor/contractor shall establish a procedure for reviewing the audit report for its agency and responding to recommendations, as appropriate, under the Single Audit Act.
4. Grantors/contractors shall have procedures to review and resolve audit findings and recommendations of subgrantees/subcontractors performing through a financial assistance relationship.

B. Audit Guidelines Provided to Auditors

On an annual basis, the Department of Human Resources, Office of Controller shall issue updated single Audit Guidelines for aging programs to the State Auditor's Office. These guidelines are made available to firms and individuals auditing Area Agencies on Aging and public and non-profit service providers.

1. Lead Regional Organizations (LRO) Audits

The Department of Human Resources Controller's Office handles all dispositions for LRO audits where DHR funds are concerned. If the audit contains findings concerning the Area Agency on Aging, the DHR Controller will provide these findings to the Division with a timeframe for resolution. The Area Agency will be responsible for the timely resolution of the findings with any technical assistance that may be necessary from the Division of Aging or Department of Human Resources. The Department of Human Resources will prepare a position on the findings and close out the LRO audit, as appropriate.

2. Area Agency on Aging Review of Service Provider Audits

- a. Public Service Provider Audits

Audits of county agencies or other public service provider agencies are reviewed by the DHR Controller's Office. If an audit of a public service provider contains finding that affect aging services the DHR Controller's Office will notify the Division of specific findings and a timeframe for resolution. The Department of Human Resources will notify the Area Agency of these findings and involve the Area Agency when necessary to adequately resolve any findings concerning aging services provision.

- b. Non-Profit and Private For-Profit Provider Audits

- 1) Non-profit and private for-profit service providers are responsible for providing a copy of their audit to the Area Agency on Aging director within six (6) months of the end of their fiscal year. If the audit is not received within this time-frame, the Area Agency shall request a copy in writing and send a copy of the request to the Department of Human Resources Office of the Controller.
- 2) Within two (2) months of receiving the provider audit the Area Agency on Aging shall:
 - a) Review the audit utilizing the audit check list.
 - b) Initiate corrective action and begin resolution of any deficiencies identified through the audit checklist and all findings stated in the audit.
 - c) The Department of Human Resources will review actions taken by Area Agencies on Aging to resolve audit findings as a part of the assessment process. Area agencies will, by June 30 (or December 31 for calendar year audit periods) of the year following the audit period, submit a report to the Department of Human Resources Office of the Controller and the Director of the Division of Aging detailing reasons for unresolved deficiencies or findings.

XV. Suspension/Termination of Grantees and Contractors by the Area Agency on Aging

45 C.F.R., Part 1321.25 and .63 authorizes Area Agencies on Aging to grant or contract and administer Older Americans Act funding. This authority encompasses the suspension or termination of any agency or organization receiving funds for services or activities through the Area Agency on Aging. From the standpoint of the Home and Community Care Block Grant, it is highly unlikely that the entire grant agreement with a county would be suspended or terminated. However, it is more likely that, in rare instances, a service provider performing through the County Block Grant Agreement with the Area Agency may be suspended by the Area Agency. In this section, special emphasis is given to circumstances that may arise through the Home and Community Care Block Grant.

A. Definitions

1. "Suspension" of a grant/contract means temporary withdrawal of the grantee/contractor's authority to obligate funds by the Area Agency on Aging pending corrective action by the grantee/contractor.
2. "Termination" means permanent withdrawal by the Area Agency on Aging of the grantee/contractor's authority to obligate previously awarded funds before the authority would otherwise expire. It also means the voluntary relinquishment of that authority by the grantee/contractor.

B. Basis for Suspension/Termination

1. Suspension

When a grantee/contractor has materially failed to comply with the terms of a grant/contract, the Area Agency on Aging may, upon reasonable notice to the grantee/contractor, suspend the grant/contract in whole or in part.

2. Termination

a. "Termination for cause" may result when:

- 1) the Area Agency on Aging determines that the contractor/grantee has failed to comply with the conditions of the agreement or federal, state or required local matching funds to carry out the agreement are unavailable.
- 2) if for just cause, the contractor/grantee is unable to perform as specified by the agreement and notifies the Area Agency on Aging in the manner specified in the contract/grant.

b. "Termination for convenience" is an optional condition in a contract or grant where the Area Agency and contractor/grantee mutually determine that the continuation of the project would not produce results commensurate with further expenditure of funds. Termination for convenience may be initiated by either the Area Agency on Aging or the contractor/grantee in the manner specified in the contract or grant.

C. Actions Required Prior to Suspension or Termination

1. Suspending or terminating a grant or contract is a rare occurrence and is considered a "last resort". Most areas of non-compliance are found through the

provider assessment process and routinely resolved. In addition to the scheduled assessments, the Area Agency performs assessments that may be requested by the county manager, board of county commissioners, or the service provider. Area Agency on Aging directors will use their judgment in determining circumstances that warrant suspension or termination and will carry out and document the following actions prior to initiating suspension or termination whether part of the assessment process or not:

- a. The Area Agency on Aging shall develop a written action plan with the grantee/contractor which clearly identifies areas of non-compliance, states specific corrective actions to be taken and establishes timeframes for the accomplishment of the corrective action.
- b. The Area Agency shall provide reasonable technical assistance to aid the provider in taking corrective action.
- c. The Area Agency shall ensure that services to clients will not be interrupted. The Division will authorize the Area Agency to provide direct services on a temporary basis, if necessary.

2. Notification of the Division of Aging

- a. The Area Agency on Aging director shall notify the Chief of Planning and Operations in writing no less than 15 days prior to the intended date of suspension or termination. The Area Agency director shall simultaneously notify the county grant administrator, as specified in the County Grant Agreement (DOA-735), in writing, if the action involves Home and Community Care Block Grant funding. The notification will indicate the date that the Area Agency plans to take action, provide a full description of the issues, and provide documentation supporting requirements.
- b. The director of the Division of Aging will respond in writing to the director of the Area Agency prior to the proposed date of suspension or termination. The director of the Division of Aging shall simultaneously notify the specified county grant administrator if the action involves Home and Community Care Block Grant funding. The Division of Aging may disapprove the suspension or termination if it feels that this action is not warranted based on information provided in the notification.

D. Client Endangerment or Fraudulent Use of Federal or State Funds

If the Area Agency on Aging suspects that the actions of a grantee/contractor are jeopardizing the safety or well being of a client or a grantee/contractor is fraudulently using funding administered by the Division of Aging, the Area Agency on Aging director shall contact the director of the Division of Aging by telephone or fax immediately. The Division will work with the Area Agency to take appropriate action.

E. Conditions for Suspension/Termination

1. Suspension

- a. A suspension shall remain in effect until the grantee/contractor has taken corrective action satisfactory to the Area Agency on Aging or given evidence satisfactory to the Area Agency that such corrective action will be taken, or until the Area Agency terminates the grant/contract.
- b. A suspension may apply to either all or only a part of a grantee/contractor's operations.
- c. If a project, or a portion of the project, remains suspended for more than three (3) consecutive months in any budget year, support for the project (or the suspended portion) will automatically be terminated.

2. Termination

- a. When a grant/contract is terminated for cause, the grantee/contractor shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Division of Aging will allow full credit to the grantee/contractor for the federal and state share of obligations properly incurred by the grantee/contractor prior to termination.
- b. When a grant/contract is terminated for convenience, the Division of Aging will, through the Area Agency on Aging, provide the grantee/contractor with guidance regarding further eligibility of obligations.

3. Notification of Suspension/Termination

The Area Agency on Aging will notify the grantee/contractor in writing via certified mail of its intent to suspend or terminate a project. Notification shall be made simultaneously to the specified county grant administrator if the action involves Home and Community Care Block Grant funding. The notice shall contain the following:

- a. Reasons for action being taken
- b. The effective date of the suspension
- c. In the case of suspension, corrective action required by the contractor/grantee to end suspension and deadlines for response
- d. Contractor's/grantee's right to appeal

4. Appeal of Suspension/Termination by Contractor/Grantee

- a. In the notification of suspension or termination, the Area Agency shall provide the contractor/grantee the opportunity to appeal the action within twenty (20) days of receiving the notice.
- b. Within ten (10) days of receiving the request for appeal hearing, the Area Agency on Aging director shall notify the chief administrative officer of the contractor/grantee organization, via certified mail, of the following:
 - 1) The location, date and time of the hearing;
 - 2) Issues to be heard relative to the suspension or termination; and
 - 3) Process by which the appeal will be heard and a decision rendered.

5. Decision by the Area Agency on Aging

Within ten (10) days of the hearing, the Area Agency on Aging shall make a decision and inform the chief administrative officer of the contractor/grantee organization, via certified mail, of the decision. This decision is binding, pending any appeal to the Division of Aging.

6. Appeal to the Division of Aging

- a. The Division of Aging will not hear any appeals until all appeal procedures established by the Area Agency on Aging have been exhausted.

- b. The contractor/grantee will have twenty (20) days from the date of receipt of an adverse decision by the Area Agency on Aging to appeal to the Division of Aging.

- c. Prior to submitting the petition, the contractor/grantee shall contact the director of the Division of Aging, where upon written instructions will be forwarded. The director may be reached at:
 - Director
 - Division of Aging
 - 693 Palmer Drive
 - Caller Box 29531
 - Raleigh, NC 27626-0531
 - Phone: (919) 733-3983

7. Reinstatement of a Suspended Project

- a. The Area Agency on Aging may reinstate a suspended project if it determines that conditions warrant such action. Such reinstatement shall be made by the issuance of a new award document.
- b. Use of federal or state funds in a reinstated project may resume immediately upon reinstatement. The funds unearned at the time of suspension remain available, pending the capacity of the reinstated contractor/grantee to expend them within the time remaining in the project and the availability of local match.

8. Closing Out a Project After Termination

When a project is terminated, the contractor/grantee shall submit a final reimbursement report.