

North Carolina Department of Health and Human Services

Division of Aging and Adult Services



Plan for Monitoring Subrecipients

May 2003

Table of Contents

<u>Section</u>	<u>Page</u>
I. Overview	
A. Purpose	I-1
B. Background	I-1
C. Organizational Structure	I-1
D. Personnel	I-2
E. Federal and State Requirements	I-2
F. DAAS Monitoring Web Site	I-3
II. Home and Community Care Block Grant	
A. Purpose	II-1
B. Programs/Funds	II-1
C. Subrecipients	II-2
D. Monitoring Staff	II-3
E. Risk Assessment for Subrecipients	II-3
F. Monitoring Tools	II-5
G. Monitoring Process	II-5
H. Monitoring Reports and Corrective Action	II-8
I. Maintenance of Monitoring Documentation	II-9
J. DHHS Monitoring Web Site	II-9
III. Adult Services	
A. Purpose	III-1
B. Programs/Funds	III-1
C. Subrecipients	III-1
D. Monitoring Staff	III-1
E. Risk Assessment for Subrecipients	III-1
F. Monitoring Tools	III-2
G. Monitoring Schedule	III-2
H. Monitoring Sample	III-3
I. Monitoring Process	III-4
J. Maintenance of Monitoring Documentation	III-5
IV. Special Assistance Program	
A. Purpose	IV-1
B. Services to be Monitored	IV-1
C. Subrecipients to be Monitored	IV-2
D. Monitoring Staff	IV-2
E. Risk Assessment for Subrecipients	IV-2
F. Targeted Monitoring	IV-3
G. Monitoring Tool	IV-3
H. Monitoring Schedule	IV-3
I. Sample Size	IV-3
J. Monitoring Process	IV-4
K. Chargebacks and Underpayments	IV-5

Table of Contents – continued

<u>Section</u>	<u>Page</u>
L. Maintenance of Monitoring Documentation	IV-6
V. State Adult Day Care Fund – Social Services Block Grant	
A. Purpose	V-1
B. Program/Funds	V-1
C. Subrecipients	V-1
D. Monitoring Staff	V-1
E. Risk Assessment for Subrecipients	V-2
F. Monitoring Tool	V-2
G. Monitoring Schedule	V-2
H. Monitoring Process	V-2
I. Maintenance of Monitoring Documentation	V-2
VI. Alzheimer’s Disease Grants	
A. Purpose	VI-1
B. Programs/Funds	VI-1
C. Subrecipients	VI-1
D. Monitoring Staff	VI-1
E. Risk Assessment for Subrecipients	VI-1
F. Monitoring Process	VI-2
G. Monitoring Reports	VI-2
H. Maintenance of Monitoring Documentation	VI-2
VII. Cash Assistance	
A. Purpose	VII-1
B. Programs/Funds	VII-1
C. Subrecipients	VII-1
D. Monitoring Process	VII-2
E. Maintenance of Monitoring Documentation	VII-2
VIII. American Recovery and Reinvestment Act (ARRA) Grant	
A. Purpose	VIII-1
B. Programs/Funds	VIII-1
C. Subrecipients	VIII-1
D. Monitoring Staff	VIII-2
E. Monitoring Process	VIII-2
F. Monitoring Tools	VIII-3
G. Reporting	VIII-4
H. Maintenance of Monitoring Documentation	VIII-5
I. DHHS Monitoring Web Site	VIII-5

Appendices

- Appendix A - Monitoring Staff List
- Appendix B - Area Agencies on Aging
- Appendix C - Departments of Social Services
- Appendix D - Funding Sources and Amounts
- Appendix E – Compliance Monitoring Tools
- Appendix F – Consumer Contributions Tool
- Appendix G – Fiscal Monitoring Tools
- Appendix H – Programmatic Monitoring Tools
- Appendix I – AAA Self-Assessment Tools
- Appendix J - Compliance Criteria Tools –ARRA Services
- Appendix K – ARRA Monitoring Tools
- Appendix L – ARRA Reporting Requirements

I. Overview

A. Purpose

The purpose of this monitoring plan is to provide the basis for programmatic and fiscal compliance monitoring in response to State and Federal requirements. In addition, this plan is established to meet the requirements with the NC Department of Health and Human Services (DHHS) Policy on subrecipient monitoring. To clearly convey the scope of the compliance monitoring responsibilities of the Division of Aging and Adult Services (DAAS), this plan contains sections addressing monitoring techniques and procedures for specific types of subrecipients and/or fund sources.

B. Background

Early in 1998, the Division acknowledged the 1997 changes and revisions to OMB Circular A-133 and to the Single Audit Act. These changes require pass-through entities to monitor the activities of their subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and determine if performance goals were being achieved. In 1999, the “risk based” approach to monitoring was adopted by the Division which recognized part of the OMB Circular A-133’s approach for auditing financial assistance programs. Since that time, the Department of Health and Human Services has taken further steps to strengthen the monitoring role of each Division by issuing policies and procedures for monitoring programs in August, 2002. With these requirements in mind, the Division has implemented this plan as another step toward emphasizing the importance of compliance monitoring of all subrecipients.

C. Organizational Structure

The DAAS is designated as the state unit on aging to administer services for older adults and family caregivers through federal appropriations from the U.S. Administration on Aging under the Older Americans Act of 1965 and through state appropriations. The Division grants and contracts approximately 94% of these funds to regional Area Agencies on Aging (AAAs) who, in turn, subcontract with local provider agencies to deliver services for older adults throughout the state.

All 16 Area Agencies on Aging in North Carolina are housed in Lead Regional Organizations or Regional Councils of Governments (COGs) and are considered local government entities. Because of the unique administrative structure of aging services, Area Agencies serve a crucial role in both fiscal and programmatic monitoring.

It is the role of the Division of Aging and Adult Services to conduct compliance monitoring with the Area Agencies on Aging for not only those services that they provide directly but also to determine compliance of the monitoring conducted by the AAAs for their 400+ local subrecipients.

In September 2003, the Adult Services Section of the Division of Social Services was merged with the Division of Aging. This merger further broadened the monitoring responsibility of the Division of Aging and Adult Services. Specifically, the Division became responsible for compliance monitoring and administration of the federal Social Service Block Grant and other specific state appropriations to support both adults and families with children, as well as, older adults. All 100 county departments of social services (public entities) are subrecipients of part, and in some cases, all of these fund sources administered by the Adult Services Section of the Division. Local departments of social services are monitored by DAAS staff to ensure programmatic compliance for these services. Fiscal monitoring and risk assessment review guides are provided to state staff through a coordinated effort with the Division of Social Services in an effort to prevent duplication by the Division of Social Services and DAAS.

D. Personnel

As required in the DHHS Monitoring Policy, the DAAS has designated a “Lead Monitor” position to coordinate all monitoring activities. This position is part of the Planning, Budget and Systems Support Section and is responsible for ensuring the Division’s monitoring plan is maintained and implemented. In addition, this position is responsible for subrecipient audit reviews and audit finding resolution, financial management monitoring, Compliance Audit Supplement development, and provides training, technical assistance, and consultation to Division staff, the 16 Area Agencies on Aging and their subrecipients in the area of monitoring. The Lead Monitor is the liaison between the Division and the DHHS Controller’s Office Lead Monitor and acts as a “clearinghouse” for monitoring reports, corrective action, and the management and oversight of the DHHS Monitoring Web Site.

E. Federal and State Requirements

The following federal and state requirements provide direction to the Division in the areas of programmatic and fiscal compliance monitoring. All documents listed below are available at <http://www.dhhs.state.nc.us/aging/monitor/mpolicy.htm>:

a. Federal Requirements:

- 1) The Older Americans Act, as amended, Section 307(4)
- 2) OMB Circular A-133
- 3) Single Audit Act of 1997

b. State Requirements:

- 1) North Carolina General Statute 143B-6.2
- 2) DHHS Policies and Procedures, Monitoring of Programs, 08/01/02
- 3) DOA Home and Community Block Grant Manual
- 4) AAA Policies and Procedures Manual, Section 308

F. DAAS Monitoring Web Site

The Division of Aging and Adult Services maintains a monitoring web site contained within the Division's home web page. This page includes all policies and procedures, monitoring instruments, audit supplements and other current information regarding monitoring for use by the DAAS staff, subrecipients and other interested agencies. This web site can be found at: <http://www.dhhs.state.nc.us/aging/monitor/monitor.htm>.

II. Home and Community Based Services

A. Purpose

The purpose of this section of the DAAS Plan for Monitoring Subrecipients is to establish the monitoring process for several federal and state fund sources which provide services to older adults in North Carolina. In 1992, the General Assembly created the "Home and Community Care Block Grant" (HCCBG) which combined state and federal funding into one block grant. These fund sources include: Older Americans Act Title III-B, III-C, SSBG State In-Home Funds, and state appropriations to create the HCCBG. Other federal and state fund sources also support services for older adults but are not included in the block grant. All HCCBG and non-HCCBG funding (listed below) is granted through the 16 Area Agencies on Aging to each county. For those services funded under the HCCBG, grant award decisions are made annually through a grass-roots local planning committee and approved by the county commissioners. All other funds are granted by the AAA through a request for proposal or competitive bid process to support services for older adults in each county.

B. Programs/Funds

Program Name	CFDA/Compliance Audit Supplement
Senior Community Service Employment Program	17.235 Senior Community Service Employment Program (Title V)
Prevention of Elder Abuse Neglect and Exploitation	93.041 Special Programs for the Aging – Title VII – Chapter 3 Prevention of Elder Abuse Neglect and Exploitation
Long Term Care Ombudsman	93.042 Special Programs for the Aging – Title VII – Chapter 2 Long Term Ombudsman Services for Older Adults
Disease Prevention/Health Promotion	93.043 Special Programs for the Aging – Title III-D Disease Prevention and Health Promotion Services
Supportive Services	93.044 Special Programs for the Aging – Title III-B Grants for Supportive Services and Senior Centers
Nutrition Services	93.045 Special Programs for the Aging – Title III-C Nutrition Services
Family Caregiver Support	93.052 Family Caregiver Support – Title III-E
NSIP	93.053 Nutrition Services Incentives Program
State In-Home Fund	93.667-3 Social Services Block Grant State In-Home Services Fund
Senior Center General Purpose	SF-135 General Purpose Funding for Senior Centers
Senior Center Outreach	SF-118 Senior Center Outreach

C. Subrecipients

The Division of Aging and Adult Services has two levels of monitoring responsibility for subrecipients providing Home and Community Based Services to older adults. The first level of subrecipients are 16 designated Area Agencies on Aging (AAAs). AAAs in North Carolina are sub-units of the seventeen Lead Regional Councils (LRO) or Regional Councils of Government (see attached) and are categorized as local government entities receiving federal, state and local support. Area Agencies were established by the Older Americans Act to provide essential services such as program planning, monitoring and funds administration, and greatly contributes to the support of local aging programs. AAAs are one of the primary subrecipients of the Division of Aging and Adult Services receiving over \$62.5 million in funding annually. Some of the 16 AAAs provide services directly to older adults, however the majority of their funding is contracted for specified services with 400+ public, non-profit, and for-profit organizations.

The Division of Aging and Adult Services has two primary focuses with its monitoring of AAAs:

1. AAA Administration and Direct Community Based Service: Each AAA receives planning and administrative funds for operation as a designated regional area agency on aging with specific mandated responsibility under the Older Americans Act. The monitoring by the Division of Aging and Adult Services includes a review and determination of compliance with applicable laws, policies and procedures. In addition, specific programmatic goals and initiatives may be reviewed to provide technical assistance or attain information on best practices. Some Area Agencies on Aging directly provide a community-based service for the older adult population. Those AAAs in direct service receive an on-site review at least every other year depending on the level of risk assigned.
2. AAA Subrecipients: Community Based Services: Approximately \$54 million is subcontracted from the AAAs to 400+ subrecipients annually. Monitoring of these subrecipients is a significant responsibility of each AAA and therefore the Division of Aging and Adult Services reviews this monitoring for compliance. Each AAA is required to submit a four-year Area Plan to the Division that includes an exhibit detailing their planned monitoring activity of their subrecipients. This exhibit is updated annually to reflect the monitoring planned for their subrecipients. Each on-site visit by the Division includes verification that monitoring is conducted in accordance with Section 308 of the AAA Policies and Procedures Manual. (See <http://www.dhhs.state.nc.us/aging/monitor/mpolicy.htm>)

D. Monitoring Staff

The staff that monitors AAA Administration and community based services includes positions assigned as resource personnel to provide technical assistance and training in specific service delivery or programmatic areas. Throughout the year, each staff member serves as a resource person to AAAs and to local providers for their area of responsibility. Through this interaction, these staff become extremely familiar with the strengths and weaknesses of each subrecipient as well as having knowledge and experience in the specific service area.

E. Risk Assessment of Subrecipients

Programmatic and fiscal monitoring each year begins with each area agency completing the AAA Self-Assessment Guide. The intent of the guide is to set a limited scope for the overall monitoring effort, as well as provide a uniform base for determining subrecipient (AAA) risk. The concept of the self-assessment guide is a cornerstone of this section of the monitoring plan, however, the actual indicators found in the guide change from year to year. Changing the indicators allows a review of different program goals and operating procedures of these subrecipients. It also helps to address revised policies and procedures. Annually, key Division program staff revise the self-assessment guide for their assigned areas of responsibility. The current self-assessment guide can be found on the DAAS web site at <http://www.dhhs.state.nc.us/aging/monitor/mtools.htm>. Through this process, each self-assessment is reviewed by Division of Aging and Adult Services staff to determine the level of risk for each of the four sections in the self-assessment guide. The four sections in the Self-Assessment Guide are:

1. Elder Rights: Includes the Long Term Care Ombudsman Program, Elder Abuse Prevention, Senior Employment Program (Title V) and Legal Assistance (Title III-B).
2. Planning: Includes AAA planning/administration, Information and Assistance, and Family Caregiver Support.
3. Service Operation: Includes all community-based services (direct and subcontracted) funded through the Home and Community Care Block Grant for older adults.
4. Financial Management: Includes subrecipient fiscal monitoring, audit reviews and financial management of aging programs.

During January of each year, each section completes the review and assigns a level of risk for each fund source administered by the AAA. Based on the level of risk, appropriate staff is assigned to conduct on-site monitoring visits beginning in February and ending in May. One to six division staff may make an on-site visit. In some cases higher risk subrecipients receive visits lasting two or more days with multiple Division staff participating. Regardless of the level of risk, each AAA is visited by at least one DAAS staff member annually. The following guidelines are used to determine the most appropriate monitoring approach:

Chart A

Level of Risk	Indicators	Monitoring Procedure
Low Risk Subrecipients	Examples of conditions that would categorize a low risk agency would be no unresolved audit finds or corrective action plans, little or no turnover in staff, and no unfavorable variances or unresolved questions from the AAA Self-Assessment document.	Lowest risk subrecipients receive on-going desk reviews and receive a short half-day visit for verifying and review of subrecipient monitoring reports and selected documentation.
Moderate Risk Subrecipients	Examples of conditions that would categorize a moderate risk agency would be corrective action plans or audit finds that need additional follow-up or verification, key staff is in need of training in specific areas and/or there are unfavorable variances on routine reports or unresolved questions from the AAA Self-Assessment document.	Following a desk review of the self-assessment document and performance reports**, moderate risk subrecipients receive an on-site visit to verify or follow-up on specific points not resolved from the desk review of the self-assessment, verify corrective action and/or review areas of prior non-compliance.
High Risk Subrecipients	High Risk indicators include unresolved audit findings, unresolved corrective action plans, new/untrained staff in key positions, complaints from clients, specifically identified management weaknesses and/or unfavorable variances on routine reports or substantial unresolved questions from the AAA Self-Assessment document.	Following a desk review of the self-assessment and performance reports**, those agencies determined to be high risk receive an in-depth programmatic and/or financial monitoring visit. Depending on the findings at the visit, a follow-up monitoring visit may be required.
<p>** Performance Reports include: past assessment reports, reimbursement requests, the annual audit, and other correspondence and reports submitted to the Division of Aging and Adult Services.</p>		

F. Monitoring Tools

The Division of Aging and Adult Services provides prescriptive monitoring instruments for all community-based services. These programmatic instruments can be found on the DAAS web site at <http://www.dhhs.state.nc.us/aging/monitor/mtools.htm> and found in the appendix of this document. These tools must be utilized by Area Agencies on Aging and the Division for monitoring local and regional subrecipients providing community-based programs for older adults.

All of the relevant 14 audit compliance supplement criteria are addressed through programmatic and fiscal monitoring. Other criteria are met through other verifiable documents including reimbursement reports, performance reports, contracts, and assurances. Complementary “Compliance Criteria Tools” are used to document and affirm compliance with the relevant 14 compliance requirements and the conflict of interest policy requirement by funding source. These tools are to be completed, by funding source, once programmatic monitoring is completed. For each fund source monitored, the results documented in the monitoring report to AAAs are entered into the DHHS Monitoring Web Site by the lead monitor.

G. Monitoring Process

Programmatic Monitoring

Annually, there are four primary purposes for conducting on-site monitoring of the Area Agencies on Aging:

1. To complete verification of compliance with the mandated administrative and service delivery responsibilities set forth under the Older Americans Act as well as any state policies and applicable service standards. Often this review includes further investigation of items discussed in the AAA Self-Assessment Guide and/or audit findings.
2. To conduct on-site reviews and verification of compliance monitoring conducted by the AAA with their local subrecipients who provide services to older adults as well as determine if the AAA has fulfilled the monitoring requirements for each subrecipient. Each AAA is required to submit Area Plan Exhibit 12 which details their plans for monitoring subrecipients. Annually, as part of the AAA Self Assessment Guide, the AAA assigns a level of risk for each subrecipient. Based on this risk determination, the AAA carries out its monitoring plan accordingly. The greater the risk, the more frequent monitoring occurs. The AAA Policies and Procedures Manual, Section 308, states that at a minimum “reviews will be conducted on all community service providers as needed but at least once every three years.” Furthermore, Section 308 states, “For In-Home Aide services, a comprehensive programmatic and client record review must be done every three (3) years per Administrative Letter 09-19. In addition, all contracts for subrecipients will include a request for documentation of the In-Home Aide’s

supervision, competency and training to be provided to the AAA/DSS on an annual basis. This will apply to the continuation of contracts and/or for historical documentation of contracts if terminated.

In addition, the policy states, “Unit verifications for all aging services with the exception of In-Home Aide services will be performed as needed but at least every other year for all aging services provided by each community service provider. Unit verifications for In-Home Aide services will be conducted at a minimum of once every three years per Administrative Letter 09-19. This process will be conducted on-site. The area agency will develop an audit trail from the names/units reported on the Units of Verification Report (ZGA-USV) to the basic source documentation (case files, travel logs, log sheets, time sheets, sign-in sheets, etc.). This audit trail will be followed for each name/units sampled. In addition to a review of basic source documentation, the Area Agency on Aging will review client records to verify the eligibility of the clients in the sample to receive services.

A Base Sample will be drawn for each aging service provided by a community service provider. The following Base Sample guidelines will be employed:

Total # Clients Served	Base Sample Size
1 – 10 clients	All clients served
11 – 100 clients	No less than 10 of the clients served
101 – 250 clients	10% of the clients served
251 – 500 clients	7% of the clients served
501 – 1000 clients	6% of the clients served
1001 – 2000 clients	4% of the clients served
2001 – or more clients	2.5% of the clients served

3. To determine if any areas of non-compliance cited for the AAA by DAAS in prior monitoring visits have been corrected appropriately and completed in accordance with the approved corrective action plan submitted to the Division.

4. To verify that the AAA maintains and reviews monitoring tools completed on local departments of social services for certain services funded through the Home and Community Care Block Grant (HCCBG). Area Agencies on Aging have a subrecipient relationship with 58 local departments of social services. Four services are provided through both the HCCBG funds and also through Social Services Block Grant funds. These services include In-Home Aide, Adult Day Care/Adult Day Health Care, and Housing and Home Improvement. Previously, these services were monitored by the DAAS Adult Services Program Compliance Representatives (PCRs). Effective July 1, 2012, monitoring responsibilities for these services was delegated to the Area Agencies on Aging.

Fiscal Monitoring

Due to the amount of funding received, each of the 16 AAAs, as part of Lead Regional Organizations (or Councils of Governments), is required to receive an A-133 Single Audit annually. The Division (as well as the DHHS Controllers Office) reviews these audits annually and conducts follow-up on any findings cited. Findings cited in the audit review are entered into the DHHS Monitoring Web Site by the Lead Monitor.

In addition, the Single Audit Act of 1997 and OMB Circular A-133 placed Area Agencies on Aging, as a pass-through agency of federal/state funds, in a fiscal monitoring role. In compliance with these mandates, AAAs must complete an Internal Control Questionnaire for all non-governmental subrecipients that are not required to complete a single audit. The AAAs, however, have the option of waiving the requirement that public entities complete the Internal Control Questionnaire since internal control is reviewed in the Single Audit process. The changes in the Single Audit Act currently require agencies expending \$500,000 or more in federal funding to complete the single audit process. Throughout North Carolina, over 100 local agencies are not required to have a single audit and must receive fiscal monitoring from one of the 16 AAA's.

H. Monitoring Reports and Corrective Action

Monitoring reports from the Division of Aging and Adult Services to AAA subrecipients and also from the Area Agency on Aging to their subrecipients must be submitted in writing within 30 days of the site visit. Monitoring reports to each AAA are written in a format that conforms to the data entry necessary to populate the DHHS Monitoring Web Page. Each report contains the following information:

- 1) Name and Address of Subrecipient monitored,
- 2) Program names and funding sources monitored,
- 3) Name and title of monitoring staff,
- 4) A statement of the review of the self-assessment,
- 5) A summary of the areas reviewed during the site visit and, if applicable, a list of the non-compliance programmatic findings,
- 6) Acknowledgement of compliance or non-compliance as related with the applicable 14 Audit Supplement Criteria by funding source (CFDA #) which are:
 - Activities Allowed or Unallowed
 - Allowable Costs/Cost Principles
 - Cash Management: (Not applicable to DAAS)
 - Davis-Bacon Act: (Not applicable to DHHS)
 - Eligibility
 - Equipment and Real Property Management
 - Matching, Level of Effort, Earmarking
 - Period of Availability of Funds
 - Procurement and Suspension and Debarment
 - Program Income
 - Real Property Acquisition and Relocation Assistance: (Not applicable to DHHS)
 - Reporting
 - Subrecipient Monitoring
 - Special Test and Provisions
- 7) Acknowledgement of compliance or non-compliance with the Conflict of Interest policy (non-profit entities only),
- 8) A description of relevant findings and areas of non-compliance with recommended corrective action,
- 9) Any suggestions for improvement and/or technical assistance, and
- 10) The date a written corrective action is to be received by the Division or the AAA (normally within 30 days of the issuance of the assessment report). If no non-compliance is cited, the assessment is closed with no further response necessary by the subrecipient.

All subrecipients are generally given 30 days to submit a corrective action plan in writing for approval by the monitor. Upon approval of a corrective action plan, a close out letter of approval is sent to the subrecipient. Periodically, a follow-up on-site visit is necessary to verify that severe non-compliance has been corrected. Severe non-compliance is generally defined as areas where the health, wellness or safety of older adult clients is at risk.

If a Program and/or Fiscal Monitor suspects internal fraud it will be reported to the Division Director. The Division will consult with the DHHS Office of the Internal Auditor. In the event that the Internal Auditor agrees that the Division's suspicions are well founded, the DHHS Office of the Internal Auditor will coordinate an audit/investigation as deemed appropriate with the Office of State Auditor, internal staff, Federal authority, local law enforcement authorities, and/or the SBI.

I. Maintenance of Monitoring Documentation

All documentation related to each AAA is maintained by fiscal year, at the Division of Aging and Adult Services, Taylor Hall, 693 Palmer Drive, Raleigh, NC. This documentation consists of the following information:

- The current Area Plan including Exhibit 12 and signed assurances
- AAA Self-Assessment
- Budget/Grant Agreement
- Monitoring Reports
- Corrective Action Plans
- Waivers for Direct Service
- Audits
- Monitoring working papers
- Other correspondence

Each Area Agency on Aging maintains copies of all contracts, monitoring documentation, reports, source documents, internal control questionnaires, and audits for each local subrecipient.

J. DHHS Monitoring Web Site

The Lead Monitor is responsible for all data entry aspects of the DHHS monitoring web site for the Division of Aging and Adult Services. Monitoring results for Home and Community Based Services will be entered by the Lead Monitor and the administrative assistant assigned to this area. These entries include:

- regular reviews of reports and input of monitoring results into the DHHS monitoring web site,
- determining whether previous issued non-compliance concerns have been resolved,
- entry of year-end reports for each fund source, and
- findings cited in each subrecipient audit report.

In addition, the Lead Monitor will coordinate efforts with the DHHS Monitoring Coordinator. The Lead Monitor will conduct training for Division of Aging and Adult Services staff and Area Agency on Aging staff as needed and requested.

III. Adult Services

A. Purpose

The purpose of this plan is to establish a formal monitoring process for several federal and state funded programs for which the Adult Services Section of DAAS is responsible. The plan will help to ensure the integrity of these programs and that subrecipients utilizing these funding sources are in compliance with applicable laws and regulations and stated results and outcomes. The programs are listed below.

B. Programs/Funds

The Social Services Block Grant (SSBG) fund is used to provide services for both adults and families with children. The Adult Services Section is only responsible for monitoring of services provided to adults with these funds. The following fund sources and programs are monitored as part of this responsibility:

Program Name	CFDA/Compliance Audit Supplement
Social Services Block Grant (SSBG)	93.667 Social Services Block Grant
State Adult Protective Services (APS)	SF-122 State Adult Protective Service Fund

C. Subrecipients

All 100 county departments of social services (governmental agencies) are subrecipients of SSBG funding. There are no financial assistance contracts to be monitored by the Adult Services Section.

D. Monitoring Staff

The Adult Services Section has assigned two (2) full-time field-based Adult Services Program Compliance Representatives (PCRs) to conduct the monitoring for the Social Services Block Grant and State Adult Protective Services (APS) Fund. Each position is responsible for compliance monitoring of fifty (50) counties each.

In addition, seven (7) Adult Program Representatives (APRs), who are also field-based DAAS staff, provide ongoing consultation, technical assistance, and oversight of services provided at local DSS's.

E. Risk Assessment of Subrecipients

Subrecipients are categorized as low, medium, or high risk based on results from the data collected from on-site monitoring visits; findings from the single county audit; findings and follow-up from any previous deficiencies and/or corrective action; size of the caseload (county level for SSBG); complexity of the program; prior experience with the subrecipient; past experience with paybacks; and other relevant factors identified by the monitoring staff. In addition, through a cooperative agreement with the Division of Social Services, Local Business Liaisons (LBL's) evaluate the "Subrecipient Self-Assessment of Internal Controls and Risks" (completed annually by county departments of social services) which is the basis for completion of the companion "Risk Evaluation Matrix" by the APR's in the Adult Services Section.

Based on the level of risk, a monitoring schedule will be developed. Comprehensive and more frequent monitoring of subrecipients determined to be high-risk will occur while they remain high-risk. Annual on-site monitoring visits, desk reviews, corrective action, increasing the frequency of monitoring, and expanding the size of the sample to be reviewed will be utilized to conduct more comprehensive monitoring for high-risk subrecipients. Low and medium risk subrecipients will be monitored at least once every three years according to an established schedule.

F. Monitoring Tools

All of the standardized monitoring tools are based on applicable laws and regulations that govern each of the programs/funds being monitored. The monitoring tools completed by the Section's monitoring staff in conjunction with the county departments of social services' completion of the self-assessment of internal fiscal controls address relevant compliance requirements identified in the compliance supplements for each funding source. The standardized tools will be used to validate the Section's monitoring assumption about subrecipients. The SSBG and State Adult Protective Services Fund, monitoring tools and instructions are included in the appendix of this plan.

G. Monitoring Schedule

Management and monitoring staff in the Adult Services Section will determine the schedule for monitoring subrecipients, taking into consideration the outcome of the risk assessment for each subrecipient. Subrecipients will be notified prior to the beginning of each fiscal year regarding the monitoring schedule for the SSBG and the State Adult Protective Services Fund.

On-site monitoring, which began in May 2003, will be conducted over a multi-year time period for all subrecipients of these funding sources. The proposed multi-year monitoring schedule for the SSBG and the State APS Fund is as follows:

SSBG	State APS Fund
FY 02-03 – 15 subrecipients	FY 02-03 – 15 subrecipients
FY 03-04 – 30 subrecipients	FY 03-04 – 15 subrecipients
FY 04-05 – 30 subrecipients	FY 04-05 – 15 subrecipients
FY 05-06 – 25 subrecipients	FY 05-06 – 16 subrecipients
FY 07-08 – 25 subrecipients	FY 07-08 – 17 subrecipients
FY 08-09 – 25 subrecipients	FY 08-09 – 11 subrecipients
FY 09-10 – 25 subrecipients	FY 09-10 – 8 subrecipients
FY 10-11 – 25 subrecipients	FY 10-11 – 16 subrecipients
FY 11-12 – 25 subrecipients	FY 11-12 – 17 subrecipients

H. Monitoring Sample

County department of social services subrecipients are divided into three levels based on the size of the agency for purposes of SSBG monitoring. These are standardized levels across the Division of Social Services, which have been in place for a number of years, and are used for monitoring and reporting purposes. The county levels for the 100 SSBG subrecipients are included with this monitoring plan.

- SSBG – Sample

County department of social services subrecipients provide many of the allowable services under the SSBG to adults. A random sample of cases will be selected from the Division of Social Services' Services Information System (SIS) from the previous months prior to the month in which the monitoring occurs. The sample will include adult services cases funded with the SSBG.

The SSBG sample is based on the size of the subrecipient (county levels I, II, III), previous performance, complexity of the program, and other factors identified by staff in the Adult Services Section. The sample size is as follows:

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

In some instances for small counties with very small caseloads, the sample size may have to be adjusted.

- State Adult Protective Services Fund – Sample

There are 53 subrecipients utilizing the State APS Fund. Caseloads vary depending on the size of the subrecipient and the allocation received from this funding source.

The sample is based on the size of subrecipients' caseloads, overall complexity of the program, and other factors identified by staff in the Adult and Family Services Section. A 10% sample of each subrecipient's caseload (not to exceed 20 cases) will be selected from the Division of Social Services' Services Information System. Where the 10% sample is fewer than 5 cases, a minimum of 5 cases will be reviewed. Using the subrecipients' caseload size will generally result in a 5-10% sample. For some subrecipients utilizing this fund source, the caseload is very small. In situations where the caseload is less than 20, the PCR will randomly select a subrecipient sample. The sample will be 1-5 cases for subrecipients that had at least one eligible individual in the current state fiscal year.

I. Monitoring Process

- SSBG – Process

Designated staff in the Adult Services Section will obtain the appropriate sample of cases from the DSS SIS for each subrecipient scheduled for monitoring during the fiscal year. Subrecipients will be notified of the sample of cases selected for review prior to the scheduled monitoring dates. This monitoring will occur on-site at the county department of social services in order to review the programmatic records identified in the sample. Prior to conducting the on-site visit, staff assigned to conduct monitoring will review the subrecipient's findings from the single county audit, findings and follow-up from any previous deficiencies and/or corrective action plans, findings from any monitoring conducted by the Division of Social Services' LBLs, information from the DHHS Monitoring Database, and any other relevant reports or information.

Records will be reviewed using the standardized tool and instructions for the SSBG described and included in this plan. Once the on-site monitoring is completed, significant findings will be summarized and communicated in a written report to the county department of social services. The report will identify any deficiencies requiring corrective action by the county department of social services.

Staff conducting the monitoring will assist the county department of social services to develop any required corrective action plan. Follow-up on the corrective action plan to determine that all deficiencies have been addressed is the responsibility of the field-based consultant assigned to the county department of social services for ongoing consultation, technical assistance, and oversight of services provided with the SSBG. Depending on the nature of the corrective action required, the LBL with the Division of Social Services will assist with follow-up.

Information on subrecipient monitoring will be entered into the DHHS Monitoring Database by the Adult Services PCR. The Lead Monitor will provide assistance and oversight of the data entered into this web site.

- State APS Fund – Process

Designated staff in the Adult Services Section will obtain the appropriate sample of cases from the Division of Social Services Information System for each subrecipient scheduled for monitoring during the fiscal year. Subrecipients will be notified of the sample of cases selected for review prior to the scheduled monitoring dates. This monitoring will occur on-site at the county department of social services in order to review the programmatic records identified in the sample. Prior to conducting the on-site visit, staff assigned to conduct monitoring will review the subrecipient's findings from the single county audit, findings and follow-up from any previous deficiencies and/or corrective action plans, findings from any monitoring conducted by the Division of Social Services LBLs, information from the DHHS Monitoring Database, and any other relevant reports or information.

Records will be reviewed using the standardized tool and instructions for the State APS Fund described and included in this plan. Once the on-site monitoring is completed, significant findings will be summarized and communicated in a written report to the county department of social services. The report will identify any deficiencies requiring corrective action by the county department of social services.

Staff conducting the monitoring will assist the county department of social services to develop any required corrective action plan. Follow-up on the corrective action plan to determine that all deficiencies have been addressed is the responsibility of the field-based DAAS Adult Program Representatives (APRs) assigned to the county department of social services for ongoing consultation, technical assistance, and oversight of services provided with the State APS Fund. Depending on the nature of the corrective action required, the Local Business Liaisons in the Division of Social Services will assist with follow-up.

Once the monitoring process is completed, information on subrecipient monitoring will be entered into the DHHS Monitoring Database by the Adult Services PCRs. The applicable 14 Compliance Criteria will be identified by the PCR as "in compliance" or "not in compliance" based on the results documented in each subrecipient's monitoring report. Corrective action and the "year end monitoring report" will be completed by the PCR. The Lead Monitor will provide assistance and oversight of the data entered into this web site.

J. Maintenance of Monitoring Documentation

Monitoring tools, relevant verification information, compliance findings, corrective action plans, follow-up and related correspondence for programs identified in this plan are maintained in the Division's Adult Services Section located at Taylor Hall, 693 Palmer Drive, Raleigh, NC. Records will be maintained according to North Carolina's records retention policy.

IV. Special Assistance Program

A. Purpose

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

B. Services To Be Monitored

The SA Program has two distinct service categories:

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

The SA Program has two distinct target population categories:

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

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

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

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

C. Subrecipients to Be Monitored

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

D. Monitoring Staff

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

E. Risk Assessment for Subrecipients

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

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

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

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

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

F. Targeted Monitoring

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

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

G. Monitoring Tool

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

H. Monitoring Schedule

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

I. Sample Size

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

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

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

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

For counties that participate in the SA/IH program, the SA/IH sample size is determined by the number of SA/IH active slots for the sample month. For counties with less than 15 slots, the SA/IH sample size is one. For counties with 15 or more slots, the SA/IH sample size is two. These cases are included in the total number of cases in the sample size.

For example, the sample size for a Level II county with 20 active SA-/IH slots will be 13 SA facility cases and 2 SA-IH cases to total 15 cases.

J. Monitoring Process

1. Designated DAAS staff obtains the appropriate sample of cases from the Client Services Data Warehouse (CSDW) for each subrecipient (county DSS) scheduled for monitoring during the fiscal year. Subrecipients will be notified of the sample cases selected for review prior to the scheduled monitoring date, with a minimum of 14 calendar days advance notice.
2. The monitoring occurs as either:
 - a. Onsite at the county DSSOR
 - b. DSS sends the requested records to the assigned DAAS staff. Records are reviewed in the SAPR's office. DAAS will provide the DSS with a prepaid number to produce a shipping label and link to packaging instructions.
 1. DSS sends records in paper form via UPS to the assigned SAPR.
 2. When the DSS has paperless records, records are sent in a Compact Disc (CD). The DSS copies case file documents onto the CD in the order and format instructed by DAAS and mails the CD to the assigned SAPR.
3. Records are reviewed using the standardized monitoring tool for the SA Program. The SAPR will ship the records back to the DSS within 10 working days.
4. At the conclusion of the monitoring, using either method in 2.a. or 2.b. above, the SAPR will conduct an exit conference with the DSS staff. It is suggested that the supervisory staff including the Director participate. The exit conference tool is included in [Appendix 3](#).
5. Within 30 days of the completion of the exit conference, the findings are summarized and communicated in a written report to the county DSS director. The report identifies

any deficiencies requiring corrective action by the county DSS. The report includes the completion of the relevant compliance supplement criteria assessed. Corrective action includes, but is not limited to chargebacks to the county.

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

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

K. Chargebacks and Underpayments

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

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

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

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

L. Maintenance of Monitoring Documentation

Monitoring tools, relevant verification information, compliance findings, corrective action plans, follow-up and related correspondence for programs identified in this plan are maintained in the Division of Aging and Adult Services, 693 Palmer Drive, Raleigh, NC. Records will be maintained according to North Carolina's records retention policy.

APPENDIX 1-SA Monitoring Plan

**SPECIAL ASSISTANCE (SA) MONITORING
County Levels**

Level I Counties

51 counties

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

Level II Counties

39 counties

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

Level III Counties

10 counties

Buncombe	Forsyth	New Hanover
Catawba	Gaston	Wake
Cumberland	Guilford	
Durham	Mecklenburg	

[Source-2010-11 DSS Monitoring Plan

http://www.ncdhhs.gov/dss/Monitoring/docs/NC%20DSS%20Monitoring%20Plan-SFY10_11.pdf]

Division of Aging and Adult Services

Risk Evaluation Matrix - County Subrecipient

County Name:

Program Name :
State/County Special Assistance

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

3.DSS Self Assessment Internal Controls:								
Self Assessment	Self assessment shows few (2 or less) internal control weaknesses. Where there is inadequate separation of duties, mitigating controls have been developed to protect against fraud and theft.	1	Self assessment shows several (3-7) internal control weaknesses. Where there is inadequate separation of duties, mitigating controls have been developed to protect against fraud and theft.	2	Self assessment shows major (8 or more) internal control weaknesses. Where there is inadequate separation of duties, mitigating controls have not been developed or do not protect against fraud and theft.	3		
4. DAAS staff consultation, site visits, report reviews								
Information obtained by DAAS staff through consultation, site visits, Program report reviews (CSDW,NCXPTR)	No concerns noted or concerns addressed by county.	2	Concerns noted and county appropriately addressing.	4	Significant concerns and county unable/unwilling to address/correct.	6		
Total Evaluation Score								
<table border="1" style="width: 100%;"> <tr> <td> Evaluation Score Key: Low Risk = Score 7-10 Moderate Risk = Score 11-17 High Risk = Score 18-21 </td> </tr> </table>								Evaluation Score Key: Low Risk = Score 7-10 Moderate Risk = Score 11-17 High Risk = Score 18-21
Evaluation Score Key: Low Risk = Score 7-10 Moderate Risk = Score 11-17 High Risk = Score 18-21								

V. State Adult Day Care Fund – Social Services Block Grant

A. Purpose

The purpose of this section of the DAAS Plan for Monitoring Subrecipients is to define the monitoring and certification process defined for the State Adult Day Care Fund (SSBG). North Carolina General Statute 143-B-153 prescribes this responsibility for this fund. The programs and fund sources that are to be monitored as part of this plan are listed below.

B. Programs/Funds

The following fund source is monitored as part of the State Adult Day Care Fund (SSBG):

Program Name	CFDA/Compliance Audit Supplement
State Adult Day Care Fund – SSBG	93.667-4 Social Services Block Grant State Adult Day Care Fund

C. Subrecipients

The subrecipients of the State Adult Day Care Fund are the 100 county departments of social services (local governmental agencies). Each DSS enters into a vendor agreement with certified Adult Day/Adult Day Health providers to provide services to older adults and their caregivers. Attached is a list of the county DSS agencies.

D. Monitoring Staff

Two (2) full-time Adult Day Care Specialists are assigned in the Division to conduct the initial certification of all Adult Day Care programs funded in North Carolina. Monthly monitoring of each certified Adult Day Care is completed by local departments of social services staff and submitted to DAAS for review.

The State Adult Day Care Fund through the Social Services Block Grant are funds disbursed by the Division of Social Services, however, the Division of Aging and Adult Services was given the funds administration and certification responsibility in 1992. Since that time, in addition to certification, the Business Officer for DAAS monitors funds utilization and administers budget revisions in an effort to utilize 100% of this appropriation.

E. Risk Assessment for Subrecipients

As required in NCGS 143-B-153 only certified Adult Day Care facilities may receive operational funds. Due to this annual requirement, each Adult Day Care must either receive initial certification or renewal of certification annually to continue to receive funding.

F. Monitoring Tool

A standardized monitoring tool is utilized to monitor program areas of the State Adult Day Care Program by local DSS staff. The elements in the monitoring tool are based on applicable laws and regulations that govern the programs being monitored. This tool is included in the appendix of this plan.

G. Monitoring Schedule

Monthly, at a minimum, each program receiving SSBG funding for Adult Day Care services is monitored by the local county department of social services. At the time of annual certification by DAAS, the county DSS forwards required documentation to the Division and recommends the program for continued certification.

H. Monitoring Process

Adult Day Care Specialists with the DAAS certify all adult day care and adult day health care providers in the state. After the initial certification, each program receiving SSBG funding for Adult Day Care services is monitored monthly by the local county department of social services. During this monthly review, at a minimum, one aspect of programmatic, staffing, or service compliance is examined. At the time of the annual certification, the county DSS forward required documentation to the Division and a recommendation that the program receive continued certification.

Information on subrecipient monitoring will be entered into the DHHS monitoring web site by the DAAS Lead Monitor.

I. Maintenance of Monitoring Documentation

Monitoring tools, relevant verification information, compliance findings, corrective action plans, follow-up and annual certification correspondence for programs identified in this plan are maintained in the Division of Aging and Adult Services located at Taylor Hall Building, 693 Palmer Drive, Raleigh, NC. Records will be maintained according to North Carolina's records retention policy.

VI. Alzheimer's Disease Grants

A. Purpose

The purpose of this section of the DAAS Plan for Monitoring Subrecipients is to define the monitoring process for three fund sources that support programs and services that assist victims and families affected by Alzheimer's Disease.

B. Programs/Funds

The following fund sources and programs are monitored as part of the Alzheimer's Disease Grants:

Program Name	CFDA/Compliance Audit Supplement
Alzheimer's Disease Demonstration Grant – Project CARE	93.051 – Alzheimer's Disease Demonstration Grant – Project CARE
Alzheimer's Disease – Duke Contract	SF-4 Alzheimer's Disease – Duke University Contract

C. Subrecipients

The Division has a direct contractual relationship with the Duke University Family Support Program and Park Ridge Health to support the needs of families and victims of Alzheimer's Disease.

D. Monitoring Staff

A portion of grant funding received by the Division support a full-time Alzheimer's Disease Specialist who is responsible for the administration of the above grants as well as monitoring of each program.

E. Risk Assessment for Subrecipients

As part of the role of the Alzheimer's Disease Specialist, annual on-site monitoring visits are conducted to determine compliance with the terms set forth in the contractual agreement between DAAS and the subrecipients.

F. Monitoring Process

The Alzheimer's Disease Program is contracted with a limited number of subrecipients due to the unique nature of the program goals. Monitoring includes desk reviews of performance logs, review of reimbursement requests, and review of performance reports as well as conducting on-site visits. Each approach is described below:

1. Alzheimer's Disease Demonstration Grant: These funds are provided as administrative support funding for one public and 2 non-profit entities. Monitoring includes desk reviews of reimbursement requests and quarterly progress reports. Site visits are made annually to verify program activities meet the criteria set forth in the contract between the Division of Aging and Adult Services and the subrecipients.
2. Alzheimer's Disease-Duke Contract: These state appropriations are provided as administrative support funding for one private entity, the Duke University Family Support Program. Monitoring includes desk reviews of reimbursement requests and quarterly progress reports. Site visits are made annually to verify program activities meet the criteria set forth in the contract between the Division of Aging and Adult Services and the subrecipient.

G. Monitoring Reports

Written monitoring reports are submitted to each subrecipient detailing the review of the contractual agreement against the actual performance of the subrecipient. A written description of the review conducted and identification of any non-compliance items is included in the report to the subrecipient. The results from on-site visits are submitted to the DHHS Monitoring Database by the Division Lead Monitor.

H. Maintenance of Monitoring Documentation

Monitoring tools, relevant verification information, compliance findings, corrective action plans, follow-up and annual certification correspondence for programs identified in this plan are maintained in the Division of Aging and Adult Services located at Taylor Hall, 693 Palmer Drive, Raleigh, NC. Records will be maintained according to North Carolina's records retention policy.

VII. Cash Assistance

A. Purpose

The purpose of this section of the DAAS Plan for Monitoring Subrecipients is to define the programs and fund sources which are “cash assistance” and therefore have a limited scope monitoring process. Typically these fund sources provide support for specific positions or support efforts to support the purpose of the funded organization.

B. Programs/Funds

The following fund sources and programs are current considered cash assistance programs:

Program Name	CFDA/Compliance Audit Supplement
Adult Care Home Case Management	93.778-2 Medical Assistance
Senior Games	SF-62 Senior Games
State Adult Home Specialist Fund	SF-133 State Adult Home Specialist Fund
Interim Assistance Program	SF-38 Interim Assistance Program

C. Subrecipients

- Adult Care Home Case Management
The objective of Adult Care Home Case Management services is to provide a case manager to work in partnership with eligible residents, resident’s families, significant others, adult care homes, and community service providers to assure that the needs and preferences of heavy care residents are being met by local departments of social services.
- Senior Games
Funds support the efforts of Senior Games of North Carolina, Inc. to promote the health and wellness of older adults through the coordinated local and state senior games.
- State Adult Home Specialist Fund
Funds are provided to 100 county Department of Social Services to support adult home specialist positions.
- Interim Assistance Program
DAAS acts only as a contractual intermediary between the US DHHS and four participating county departments of social services which include Durham, Forsyth, Guilford and New Hanover.

D. Monitoring Process

Each program listed in this section of the DAAS Plan for Monitoring Subrecipients receives no formal monitoring, rather, a review fiscal data and submission of any required performance reports to the Division or NC Legislature.

E. Maintenance of Monitoring Documentation

Financial reimbursement/payment information, contracts and correspondence for programs identified in this plan are maintained in the Division of Aging and Adult Services located at Taylor Hall, 693 Palmer Drive, Raleigh, NC. Records will be maintained according to North Carolina's records retention policy.

VIII. American Recovery and Reinvestment Act (ARRA)

A. Purpose

The American Recovery and Reinvestment Act (ARRA) of 2009 (Public Law 111-5) is an economic stimulus package enacted by the 111th United States Congress in February 2009. The Act was based largely on proposals made by President Barack Obama and is intended to provide a stimulus to the U.S. economy in the wake of economic downturn. ARRA provides for supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization.

B. Programs/Funds

Program Name	CFDA/Compliance Audit Supplement
Senior Community Service Employment Program	(Compliance Supplement # TBD) Senior Community Service Employment Program (Title V)
Nutrition Services (Congregate and Home-Delivered Meals)	(Compliance Supplement # TBD) Special Programs for the Aging – Title III-C Nutrition Services

C. Subrecipients

The Division of Aging and Adult Services has two levels of monitoring responsibility for subrecipients ARRA funding. The first level of subrecipients are 16 designated Area Agencies on Aging (AAAs). AAAs in North Carolina are sub-units of the seventeen Lead Regional Councils (LRO) or Regional Councils of Government and are categorized as local government entities receiving federal, state and local support. Area Agencies were established by the Older Americans Act to provide essential services such as program planning, monitoring and funds administration, and greatly contributes to the support of local aging programs.

The Division of Aging and Adult Services has received \$2,768,783 in ARRA funding for use within the Elderly Nutrition Services Program. The Law and grant award from the U.S. Administration on Aging requires that 67 percent of the funds (\$1,855,370) be used for Congregate Nutrition and the other 33% (\$913,413) for Home-Delivered Meals. All 16 Area Agencies have been awarded ARRA funding for use within the Elderly Nutrition Services Program. ARRA funding for Congregate Nutrition Services will augment existing resources, replace revenue lost from local sources due to the economic downturn, and support the continued delivery of meals to vulnerable older Americans. Home Delivered Meals help seniors maintain their health and avoid hospitalization and nursing home placement.

The Division of Aging and Adult Services has also received \$621,560 in ARRA funding to be used within the Senior Community Service Employment Program (SCSEP). Currently, there are 5 AAAs (Regions B, C, F, L and N) that participate in the SCSEP and these 5

AAAs have been awarded ARRA funding to be used within the Senior Community Service Employment Program. ARRA funding for SCSEP will augment existing resources and replace revenue lost from local sources due to the economic downturn. All ARRA funding for SCSEP will be utilized at the Area Agencies with the exception of Region F who contracts with local agencies in each county to provide SCSEP services at the local level.

D. Monitoring Staff

DAAS staff will monitor Area Agencies' administration and use of ARRA funds via site visits and/or desk reviews. The Division has various positions assigned as resource personnel to provide technical assistance and training in specific service delivery or programmatic areas. Throughout the year, each staff member serves as a resource person to AAAs and to local providers for their area of responsibility. Through this interaction, these staff become extremely familiar with the strengths and weaknesses of each subrecipient as well as having knowledge and experience in the specific service area.

E. Monitoring Process

On-site programmatic monitoring of the Area Agencies on Aging will be conducted to provide oversight and technical assistance in the administration of ARRA funding and to ensure that AAAs have fulfilled the monitoring requirements for each subrecipient. The purpose of programmatic monitoring is to ensure compliance with ARRA regulations.

Nutrition Services -- Congregate Nutrition and Home-Delivered Meals

Fiscal monitoring will be conducted for AAAs receiving ARRA funds for Nutrition Services (Congregate and Home Delivered Meals) and SCSEP. The funds are one-time in nature (non-recurring). ARRA funds will be available through December 31, 2010. The goal of the Division is to have all AAAs expend all ARRA Nutrition funding prior to June 30, 2010. With this in mind, the Division has strongly encouraged AAAs to work closely with their local service providers and local Aging planning committees to identify the most effective way to use these funds to meet current service needs without creating new or expanded services that cannot be sustained when these funds are no longer available.

The funds must be used for the designated purposes (Congregate and Home Delivered Meals) without the ability to transfer them to other services or to move funds between these two services. The Division has established separate service codes to track separately these Recovery funds (from HCCBG funds) within the Aging Resources Management System (ARMS) as follows:

Service Code	Service
183	Congregate Nutrition
184	Congregate Nutrition-Supplemental Meals
023	Home-Delivered Meals
024	Home-Delivered Meals-Supplemental Meals

This separate tracking will facilitate the Division's Federal and State reporting associated with the Recovery program, which will be done at least quarterly.

Funds for SCSEP are distributed to AAAs on a reimbursement basis. The AAA will submit a monthly request for reimbursement to the Division that indicates their monthly expense, year to date expense, and budget. The requests will be approved by the Division Budget Officer and submitted to the DHHS Controller's Office for payment.

The following Area Agencies will receive ARRA funding for the SCSEP:

Area Agency	Award Amount
Land of Sky Regional Council	\$53,516
Isothermal Planning and Development Commission	\$84,408
Centralina Council of Governments	\$261,366
Upper Coastal Plain Council of Government	\$135,811
Lumber River Council of Governments	\$86,459

Fiscal monitoring will be conducted for AAAs receiving ARRA funds for SCSEP. The funds are one-time in nature (non-recurring).

The U.S. Administration on Aging has indicated that "a reasonable amount of the ARRA funds may be used for administrative purposes" and is following Older Americans Act Title III funding criteria which would allow 5% of the total funding to be used for administrative costs at the Division-level and 10% of the remaining balance for AAA administration. The Division has decided not to use any of these funds for administrative costs for two primary reasons: (1) the intent of these funds is clearly to address the well-documented level of unmet service needs among our seniors; and (2) there is a substantial requirement to assure transparent and full accountability in the use of these funds to ensure their appropriate and intended use. The Division realizes and appreciates that AAAs/LROs will have additional responsibilities tied to planning, administering, and overseeing the use of these Recovery funds, and has therefore decided to AAAs/LROs to use 10% of the funds to cover administrative costs. The Division has encouraged AAAs/LROs to assess carefully the extent to which this administrative support is essential relative to the documented service needs in their regions and to consider the level of accountability that will be required in the use of these funds. AAA/LROs that use these funds for administrative purposes must complete an ARRA administrative cost justification narrative and which will be kept on file at the Division along with the signed ARRA NGA for each AAA. DAAS is not providing any state funding to support ARRA regional administration, therefore, the regional matching requirement is 15%.

Due to the amount of funding received, each of the 16 AAAs, as part of Lead Regional Organizations (or Councils of Governments), is required to receive an A-133 Single Audit annually. The Division (as well as the DHHS Controllers Office) reviews these audits annually and conducts follow-up on any findings cited. Findings cited in the audit review are entered into the DHHS Monitoring Web Site by the Lead Monitor. Given the

time frame for expenditure of ARRA funds, AAA audits for the period ending June 30, 2011 should contain information on ARRA funding and expenditures.

F. Monitoring Tools

DAAS provides prescriptive monitoring instruments for all services. These programmatic instruments can be found on the DAAS web site at <http://www.dhhs.state.nc.us/aging/monitor/mtools.htm> and also in the appendix of this document. These tools must be utilized by the Division and AAAs for monitoring subrecipients providing services for older adults.

Separate monitoring tools will be used to monitor services funded by the Home and Community Care Block Grant versus services funded by ARRA. All of the relevant 14 audit compliance supplement criteria are addressed through programmatic and fiscal monitoring. Other criteria are met through other verifiable documents including reimbursement reports, performance reports, contracts, etc. Compliance Criteria Tools are used to document and affirm compliance with the applicable 14 compliance requirements

G. Reporting

The Division is required to report ARRA data to the federal government on October 10, 2009; January 10, 2010; April 10, 2010 and July 10, 2010. AAAs are required to report jobs created/saved to DAAS by the 5th day of the months indicated above. There can be no extensions or exceptions to these due dates. To ensure accuracy, data will be reviewed by another DAAS employee familiar with the reporting process to make sure all required fields are answered. Payments to subrecipients will be compared to amounts in NCAS (BD701 Report).

Monitoring Reports

Monitoring reports from the Division to AAAs and also from the AAAs to their subrecipients must be submitted in writing within 30 days of the site visit/desk review. Monitoring reports to each AAA are written in a format that conforms to the data entry necessary to populate the DHHS Monitoring Web Page. Each report contains the following information:

- 1) Name and Address of subrecipient monitored
- 2) Programs/services monitored
- 3) Name and title of monitoring staff
- 4) A summary of the areas reviewed during the site visit and, if applicable, a list of the non-compliance programmatic findings,
- 5) Acknowledgement of compliance or non-compliance as related with the applicable 14 Audit Supplement Criteria which are:
 - Activities Allowed or Unallowed
 - Allowable Costs/Cost Principles
 - Cash Management:
 - Davis-Bacon Act:

- Eligibility
 - Equipment and Real Property Management
 - Matching, Level of Effort, Earmarking
 - Period of Availability of Funds
 - Procurement and Suspension and Debarment
 - Program Income
 - Real Property Acquisition and Relocation Assistance: (Not applicable to DHHS)
 - Reporting
 - Subrecipient Monitoring
 - Special Test and Provisions
- 6) A description of relevant findings and areas of non-compliance with recommended corrective action
 - 7) Any suggestions for improvement and/or technical assistance
 - 8) The date a written corrective action is to be received by the Division or the AAA (normally within 30 days of the issuance of the assessment report). If no non-compliance is cited, the assessment is closed with no further response necessary by the subrecipient.

All subrecipients are generally given 30 days to submit a corrective action plan in writing for approval by the monitor. Upon approval of a corrective action plan, a close out letter of approval is sent to the subrecipient. Periodically, a follow-up on-site visit is necessary to verify that severe non-compliance has been corrected. Severe non-compliance is generally defined as areas where the health, wellness or safety of older adult clients is at risk.

H. Maintenance of Monitoring Documentation

All documentation related to the monitoring of AAAs use of ARRA funds will be maintained on file at the Division of Aging and Adult Services, Taylor Hall, 693 Palmer Drive, Raleigh, NC. Files will contain the following information:

- Signed Notice of Grant Award (NGA) for each AAA
- AAA Administrative Budget Justification
- ARRA County Funding Plan – County Services Summary (ARRA-731)
- ARRA County Funding Plan – Nutrition Provider Services Summary (ARRA-732)
- ARRA Service Cost Computation Worksheet (ARRA-732a)
- Labor Distribution Schedule (ARRA-732a1)
- Contract Agreement for the Provision of County-Based Nutrition Services (ARRA-735)
- SCSEP Reimbursement Requests
- Quarterly Reports of Jobs Created or Saved (Elderly Nutrition Funding)
- Compliance Monitoring Tools
- Monitoring Reports
- Correspondence between DAAS and AAAs regarding ARRA funds

Each AAA will also maintain copies of the above-noted items on file at their agency for review by DAAS staff during on-site monitoring visits.

I. DHHS Monitoring Web Site

The Lead Monitor is responsible for all data entry aspects of the DHHS monitoring web site for the Division of Aging and Adult Services. Monitoring results for Home and Community Based Services as well as for ARRA services will be entered by the Lead Monitor. These entries include:

- regular reviews of reports and input of monitoring results into the DHHS monitoring web site,
- determining whether previous issued non-compliance concerns have been resolved,
- entry of year-end reports for each fund source, and
- findings cited in each subrecipient audit report.

In addition, the Lead Monitor will coordinate efforts with the DHHS Monitoring Coordinator. The Lead Monitor will conduct training for Division of Aging and Adult Services staff and AAA staff.