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**SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART D  
- DISEASE PREVENTION AND HEALTH PROMOTION  
SERVICES (STATE GRANTS FOR DISEASE PREVENTION  
AND HEALTH PROMOTION)**

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**State Project/Program:** SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART D  
- DISEASE PREVENTION AND HEALTH PROMOTION  
SERVICES (STATE GRANTS FOR DISEASE PREVENTION  
AND HEALTH PROMOTION)

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ADMINISTRATION ON AGING**

**Federal Authorization:** Older Americans Act of 1965, Title III, Parts A and D, Public Health Service Act, Section 398, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 93-29, 87 Stat. 30; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 89 Stat. 713; Public Law 95- 65, 91 Stat. 269; Public Law 95-478, 92 Stat. 1513; Public Law 97- 115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Public Law 100- 175, 101 Stat. 926; Section 705, Public Law 100-628; 42 U.S.C. 3022- 3030(M); Public Law 102-375; Public Law 114-144, as amended.

**N. C. Department of Health and Human Services  
Division of Aging and Adult Services**

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**N. C. DHHS Confirmation Reports:**

**SFY 2019 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following web address:**  
<https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>. At this site, click on the link entitled “**Audit Confirmation Reports (State Fiscal Year 2018-2019)**”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select “**Non-Governmental Audit Confirmation Reports (State Fiscal Years 2017-2019)**”.

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The Auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the Auditor should be prepared to justify departures from the suggested procedures. The Auditor can consider the Supplement a “safe harbor” for identification of compliance requirements to be tested if the Auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

## **SPECIAL PROGRAMS FOR THE AGING TITLE III-D – DISEASE PREVENTION AND HEALTH PROMOTION (STATE GRANTS FOR DISEASE PREVENTION AND HEALTH PROMOTION)**

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**The Division of Aging and Adult Services (DAAS) issues a Notice of Grant Award (NGA) each fiscal year when funds are allocated to the Area Agencies on Aging (AAA). DAAS also revises NGAs during the fiscal year as necessary. Auditors should review the NGAs on file at the AAA to determine actual funding amounts. The last NGA issued for the year shows the total amount of funds by source awarded to the AAA.**

### **GENERAL INTRODUCTION**

The Division of Aging and Adult Services (DAAS) is the State Unit on Aging (SUA) as referenced in the Older Americans Act of 1965 as reauthorized October 17, 2006. The Division administers funding under Titles III, V, and VII of the Older Americans Act as well as a variety of other funds both Federal and State in nature.

The largest program or set of programs administered by the Division is the Home and Community Care Block Grant (HCCBG). This block grant is a pooling of resources used to fund services authorized by both the Older Americans Act and the North Carolina General Assembly. This pool is made up of Parts B, C1, and C2, of Title III and State funds. In addition, the HCCBG is also funded with Social Services Block Grant (SSBG) funds administered by the Division of Social Services via the State's Block Grant Funding Plan which provides for a substantial transfer of SSBG funds to the Division of Aging and Adult Services for the HCCBG.

### **I. PROGRAM OBJECTIVES**

Title III-D of the 2000 Amendments to the Older Americans Act authorizes programs to support disease prevention and health promotion at senior centers, congregate nutrition sites, through home delivered meals programs, or other appropriate settings.

### **II. PROGRAM PROCEDURES**

Funds are provided to states, in accordance with a predefined formula, upon submission of a state plan to the Assistant Secretary of Aging in HHS. States then allocate funds to Area Agencies on Aging through the intrastate funding formula which provide for a comprehensive services delivery plan for their respective planning and service areas. Title III-D funding is administered through Area Agencies on Aging designated by the DAAS. Services are delivered by provider agencies through grants or contracts with the Area Agency on Aging. Area Agencies may provide Title III-D services on a direct basis upon submission and approval of a waiver request to the DAAS.

Area Agencies monitor the III-D subrecipients to ensure that approved Health Promotion and Disease Prevention events and activities are conducted.

### **III. COMPLIANCE REQUIREMENTS**

**NOTE: In developing audit procedures for testing the compliance requirements of aging grants, Auditors should review the matrix to identify which of the 12 compliance requirements (State Compliance Supplement Section B, Part 2) are applicable. In addition to the general requirements reflected on the matrix, the following requirements also apply. The general requirements are contained in Part 3 of the Uniform Guidance 2 CFR 200 Compliance Supplement.**

**A. ACTIVITIES ALLOWED OR UNALLOWED**

**Effective July 1, 2012, Title III Part D Section 361 of the Older Americans Act, which pertains to Disease Prevention and Health Promotion, may only be used for programs and activities that have been demonstrated through rigorous evaluation to be evidence-based and effective.**

Evidence-based disease prevention and health promotion programs have become an aging network priority within North Carolina for several years, and the new requirement demonstrates a national commitment to these types of programs. In February 2012, Congressional appropriations mandated that Older Americans Act Title III-D funding for Fiscal Year 2012 be used only for programs and activities that have been demonstrated to be evidence-based. The U. S. Administration on Aging (AoA) uses graduated criteria known as “tiers” to define evidence-based interventions. Effective July 1, 2016, health promotion programs must meet the highest tier criteria.

Services covered under Title XVII (Medicare) of the Social Security Act (42 U.S.C. 1395 et. seq.) cannot be paid for. This includes flu shots, mammograms, pap smears, laboratory services, and durable medical equipment. The purchase of medical services, prescription drugs, physical examinations, home safety devices for individuals, and activity of daily living supply items are not allowable. Activities that are strictly recreational in nature are not allowable costs.

**B. ALLOWABLE COSTS/COST PRINCIPLES**

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201.

**C. CASH MANAGEMENT**

Title III Part D Health Promotion Disease Prevention funds are provided on the reimbursement basis only, therefore no additional testing is required.

**E. ELIGIBILITY**

Services must have direct benefit for people age 60 and older.

**G. MATCHING, LEVEL OF EFFORT, EARMARKING**

Matching

1. Current allocations of Title III-D funds are combined with current State appropriations and require a 10% local match. The local match may be in the form of cash, in-kind or any combination of cash and in-kind.
2. Title III-D Carry-over funds are not accompanied by State appropriations, and therefore, require a 15% local match. This requirement can also be met with cash, in-kind or a combination of cash and in-kind.

**NOTE:** The Notification of Grant Award (NGA) will distinguish the amount(s) of Title III-D funding that requires the 10% and 15% local match. Contracts between Area Agencies and service providers should likewise separate and identify the applicable

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matching requirement. Matching requirements may be verified by reviewing the NGA to compare applicable III-D matching requirements with contracted services.

Level of Effort – Not applicable

### Earmarking

Evidence-based programs are required for Title III-D-funded activities. The Federal FY-2012 Congressional appropriations law included this evidence-based requirement. Title III-D funds can be used for health promotion programs that meet any of three tiers of evidence.

Title III-D funds can be spent on programs that meet ACL's Evidence-Based Definition ([http://www.aoa.acl.gov/AoA\\_Programs/HPW/Title\\_IIID/index.aspx](http://www.aoa.acl.gov/AoA_Programs/HPW/Title_IIID/index.aspx)), or are considered an evidence-based program by an agency of the U.S. Department of Health and Human Services.

## **H. PERIOD OF PERFORMANCE**

Funding is available to the local service provider for the duration of the state fiscal year (July 1 through June 30). Carry-forward of unobligated funding is not allowed unless authorized by the Division. The current local provider funding is stated on the Provider Service Summary (DAAS-732). Funding available through the Division's Aging Resources Management System (ARMS) can be verified through the Area Plan Activity by County report (ZGA-515). This report is available through the Area Agency.

Funding is allocated by the Division to the Area Agency through the Notification of Grant Award (NGA). Funding available through the ARMS can be verified through the Area Agency Financial report (ZGA060 series). These reports are available through the Area Agency or the DAAS.

## **I. PROCUREMENT AND SUSPENSION AND DEBARMENT**

### Procurement

As specified in 45 CFR 92.36(b)(11), community service providers shall have procedures for settling all contractual and administrative issues arising out of procurement of services through the Home and Community Care Block Grant. Community Service providers shall have procedures governing the evaluation of bids for services and procedures through which bidders and contracted providers may appeal or dispute a decision made by the community service provider as affirmed in the Standard Assurances (DAAS-734). Furthermore, the County or Area Agency on Aging can recoup any required payback from the community service provider's failure to meet Uniform Guidance 2 CFR 200, requirements of 45 CFR, Part 1321, and 45 CFR, Part 92.

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform with federal agency codifications of the grants management common rule accessible on the Internet at <http://www.whitehouse.gov/omb/>

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing manual accessible on the Internet at:  
[http://www.doa.nc.gov/pandc/documents/Procurement\\_Manual\\_5\\_8\\_2013\\_interactive.pdf](http://www.doa.nc.gov/pandc/documents/Procurement_Manual_5_8_2013_interactive.pdf).

## **J. PROGRAM INCOME**

Each service provider must offer older persons an opportunity to voluntarily contribute toward the cost of the services they receive under Title III programs. Voluntary contributions shall be allowed and may be solicited for services received under the Older Americans Act if the method of solicitation is non-coercive. Such contributions must be used to expand the provider's services to older persons. (45 CFR 1321.67) (OAA Section 315).

Providers must have written procedures to collect, account for, and safeguard all consumer contributions.

## **L. REPORTING**

1. Area Agencies are required to report the number of unduplicated persons that participated in each planned health promotion or disease prevention activity/event on a quarterly basis to DAAS. Likewise, providers report this same information to the Area Agencies on Aging to complete the quarterly reporting requirement. (NOTE: Adequate source documentation that provides this information is attendance logs, registration forms, and written estimates of attendance for large events such as health fairs.)
2. Area Agencies are required to report through the Aging Resources Management System (ARMS) the expenditures for all approved health promotion and disease prevention activities as a non-unit based service for each contracting agency. Report series ZGA370-7 reflects amounts reimbursed for Disease Prevention and Health Promotion activities. Service code is 401 – Disease Prevention/Health Promotion.

## **M. SUBRECIPIENT MONITORING**

Area Agencies are required to provide technical assistance, monitor and periodically evaluate the aging programs of subrecipients and contractors (Older Americans Act: Section 306).

Area Agencies in direct service for Title III-D funds receive an on-site review for programmatic compliance at least every three years depending on the level of risk assigned by DAAS.

## **N. SPECIAL TESTS AND PROVISIONS**

In order to provide direct services, an Area Agency must obtain a waiver from the Division before providing the Title III-D service(s).

### Suggested Audit Procedures

1. Determine if the Area Agency has been granted a waiver for direct service. If so, test for provisions of direct service listed below, as stated in the Older American's Act, Section 307(a)(10).
2. Determine that no services which are covered under Title XVIII Medicare of the Social Security Act (42 USC 1395 et. seq.) are being provided with III-D funding. Covered services are stated in the current *Medicare Handbook*.
3. Determine that funds have not been expended for personal medical services, Rx Supplies, physical exams, home safety devices and daily living supplies.
4. Determine that funds have not been expended on activities that are strictly recreational (offered for amusement) in nature.