

APRIL 2022

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

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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SFY 2022 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 2020-2022)”. 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 \(State Fiscal Years 2020-2022\)](#)”.

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.

Auditors may request documentation of monitoring visits by the State Agencies.

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

This compliance supplement must be used in conjunction with the OMB 2022 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

The North Carolina 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.

I. PROGRAM OBJECTIVES

Title III-D of the 2012 Amendments to the Older Americans Act authorizes programs to support Evidence-based and Disease Prevention and health promotion at senior centers, congregate nutrition sites 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 on Aging may provide Title III-D services on a direct basis upon submission and approval of a waiver request to the DAAS.

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

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2022 Compliance Supplement; however, the State Agency may have added the Type and this is noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2022 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

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If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined to be direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y

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 this 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.

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-D Health Promotion Disease Prevention funds are provided on the reimbursement basis managed through the Division’s Aging Resources Management System (ARMS).

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E. ELIGIBILITY

To be eligible for services clients must have direct benefit for people age 60 and older. Client age eligibility is documented through the Client Registration Form (DAAS-101) and is a part of the client file. The format requires signed authorization by the service provider. Based on requirements of the Older Americans Act, eligibility is not based on means testing. Clients self-declare on the Client Registration Form if they are economically disadvantaged.

NOTE: Independent verification of eligibility might include, but is not limited to, the following: review of monitoring reports completed by the Area Agency on Aging, conducting staff interviews, and auditor's observations.

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 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) 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 AAA.

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Funding is allocated by the Division to the AAA through the Notification of Grant Award (NGA). Funding available through the ARMS can be verified through the AAA Financial report (ZGA060 series). These reports are available through the AAA 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: <https://ncadmin.nc.gov/government-agencies/procurement/procurement-rules>
Suspension and Debarment

Not applicable at the local level.

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 on Aging 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.
2. Area Agencies on Aging 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

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reflects amounts reimbursed for Disease Prevention and Health Promotion activities. Service code is 401 – Disease Prevention/Health Promotion.

M. SUBRECIPIENT MONITORING

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

Area Agencies on Aging in direct service for Title III-D funds receive an on-site review for programmatic compliance at least every three years (**See exceptions due to COVID-19 in section N page 5*) depending on the level of risk assigned by DAAS.

N. SPECIAL TESTS AND PROVISIONS

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

Suggested Audit Procedures

1. Determine if the AAA 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.

*COVID-19 Exceptions

Requirements for minimum monitoring of grantees is once every three years or sooner as needed. Risk assessments may have to be adjusted during a state of emergency. Monitoring of grantees determined to be high risk will remain the highest priority for monitoring in any given fiscal year even during special circumstances.