

**AGING CLUSTER**

**93.044 SPECIAL PROGRAMS FOR THE AGING – TITLE III-B GRANTS  
FOR SUPPORTIVE SERVICES AND SENIOR CENTERS**

**93.045 SPECIAL PROGRAMS FOR THE AGING – TITLE III-C  
NUTRITION SERVICES**

**93.053 NUTRITION SERVICES INCENTIVE PROGRAM (NSIP)**

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**SPECIAL PROGRAMS FOR THE AGING – TITLE III-B GRANTS  
FOR SUPPORTIVE SERVICES AND SENIOR CENTERS**

**State Project/Program: SPECIAL PROGRAMS FOR THE AGING – TITLE III-C  
NUTRITION SERVICES**

**NUTRITION SERVICES INCENTIVE PROGRAM (NSIP)**

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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, B and C, Public Law 89-73, as amended; Public Law 90-42, 81 Stat. 106; Public Law 91-69, 83 Stat. 108; Public Law 92-25, 86 Stat. 88; Public Law 93-29, 89 Stat. 301; Public Law 93-351, 88 Stat. 357; Public Law 94-135, 87 Stat. 301; 89 Stat 713; Public Law 95-65, 91 Stat. 269; Public Law 95-478, 92 Stat. 513; Public Law 97-115, 95 Stat. 1595; Public Law 98-459, 98 Stat. 1767; Title III, Part C, Public Law 100-175; Section 705, Public Law 100-628; 42 U.S.C. 3022-3030d; 42 U.S.C. 3030e-3030g; Public Law 102- 375

Older Americans Act of 1965, as amended, Section 311, 42 U.S.C. 303a, Section 604, 42 U.S.C. 3057, Appropriations Bill, Public Law 108 -7; Public Law 114-144, as amended.

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

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**Address Confirmation Letters To:**

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 DHHS 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 2021-2022). 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 \(State Fiscal Years 2020-2022\)](#)”.

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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.

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

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.

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.

### **I. PROGRAM OBJECTIVES**

The objectives of Title III of the Older American Act of 1965, as amended, are to (1) help older persons secure and maintain maximum independence and dignity in a home environment, (2) remove barriers to independence for older persons, and (3) provide a continuum of care for the vulnerable elderly.

Title III-B provides funds for supportive services, senior centers, and in-home services for frail individuals. Aging service providers utilize DAAS service standards in order to accomplish the objectives stated for Title III of the Older Americans Act. The program objectives for State appropriations for support services and senior centers are the same as those for Title III and also utilize the DAAS service standards established for Title III services.

The objective of Special Programs for the Aging, Title III-C Nutrition Services, is to provide older persons with low-cost nutritious meals, appropriate nutrition education, and other appropriate nutrition services. Meals may be served in a congregate setting or delivered to the home. The program objective for the State program funds is the same as those for the Title III funds, and both utilize the DAAS service standards established for the Title III-C Nutrition Services.

The U. S. Administration on Aging's Nutrition Services Incentive Program (NSIP) supplies funding to supplement meals provided under Title III-C of the Older American's Act. This supplement is intended to promote the use of U.S. grown agricultural products in various domestic nutrition programs. The purpose of NSIP is to reward effective performance by states in the efficient delivery of nutritious meals to older individuals through the use of cash or commodities.

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### **II. PROGRAM PROCEDURES**

Funds are provided to States in accordance with a predefined formula upon submission of a State plan to the Assistant Secretary for Aging in HHS. The State then allocates funds to Area Agencies on Aging, which provide for the delivery of services based on a comprehensive service delivery plan for their respective planning and service areas. Title III-B, Title III-C, Title III-D, and Title III-E are administered through Area Agencies on Aging designated by the State Division of Aging and Adult Services.

Actual services are delivered in North Carolina by provider agencies under a system of grants to counties through Area Agencies on Aging. Area Agencies may only provide services on a direct service basis under special conditions and written authorization (waiver) of the Division. Title III funds and State appropriations are allocated on the basis of the intrastate funding formula unless otherwise required by statute or DAAS policy.

At the discretion of the Division, a portion of the Title III-B and III-C funds may be used to support the Planning and Administration efforts of the Area Agencies. Title III-B funds are also utilized by Area Agencies to support the activities of the Long-Term Care Regional Ombudsman Program.

DAAS disburses NSIP funds to Area Agencies on Aging (AAA) for purposes of subsidizing the Title III-C meals programs. The reimbursement for these funds is based on the number of meals delivered by provider agencies to older adults and reported to the Area Agencies. The rate of reimbursement currently is \$0.80 per meal. To qualify for reimbursement, meals must meet the nutritional standards established under Title III-C and the service standards for congregate and home-delivered meals set by DAAS. The number of meals provided are recorded daily by service providers and reported through the Aging Resources Management System (ARMS) for reimbursement. Payments are then made to the 16 Area Agencies on Aging and subsequently remitted to service providers by the AAA.

Area Agencies monitor subrecipients on a scheduled basis to ensure that all services operate according to the service standards. See the AAA's Provider Monitoring Schedule (Exhibit 14 of the Area Agency on Aging Area Plan) which is updated annually and submitted to the Division. In addition to programmatic monitoring, the AAA monitors reimbursements by verifying the units (e.g., meals) and expenditures reported via the ARMS reimbursement system.

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**III. COMPLIANCE REQUIREMENTS**

**\*CROSSCUTTING REQUIREMENTS: THE COMPLIANCE REQUIREMENTS IN THE DIVISION OF SOCIAL SERVICES “CROSS-CUTTING REQUIREMENTS” IN SECTION D (SUPPLEMENT #DSS-0) ARE APPLICABLE TO THIS GRANT.**

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.

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.

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross Cutting Requirements	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	Y	N	Y	Y	Y	Y	Y	Y	Y

The federal aging cluster consists of Special Programs for the Aging – Title III-B Grants for Supportive Services and Senior Centers (93.044), Special Programs for the Aging – Title III-C Nutrition Services (93.045), and the Nutrition Services Incentives Program (NSIP) (93.053). Beginning with fiscal year 2006, the State has clustered programs consistently with the federal supplements. A separate supplement is prepared for the Title III-E National Caregiver Support Program (93.052) because these funds are significantly different from those funds found in

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the aging cluster. Audits may find that providers utilized Titles III-B, III-C, NSIP as well as Title III-E funds, but the separate supplements should be utilized for auditing purposes.

In developing the audit procedures for testing the compliance requirements for aging programs, auditors should refer to the matrix to identify which of the compliance requirements (Section B Part 2 of the State Compliance Supplement) are applicable. The general requirements are contained in Part 3 of the Uniform Guidance 2 CFR Part 200 Compliance Supplement.

In addition to those general requirements, the following compliance requirements also apply.

### **A. ACTIVITIES ALLOWED OR UNALLOWED**

#### Supportive Services and Senior Centers

Area Agencies on Aging may provide services directly only if the State agency decides that it is necessary to ensure the adequate provision of services. A waiver request must be submitted annually in order for an Area Agency to provide services on a direct basis. The waiver request must be for a specific service, and prior written approval must be granted by the Division before services are delivered (Older Americans Act, Sec. 307). NOTE: When an Area Agency provides services on a direct basis, they are subject to the same compliance requirements as other providers of that service.

The Area Agency may award Title III-B funds to public and nonprofit agencies to acquire, alter, lease, renovate, or construct a facility for use as a multipurpose senior center. Such awards may also be used to pay the cost of professional and technical personnel to operate the center. Funds used for the construction of senior centers require the prior approval of the State agency. Newly constructed senior centers must be used as senior centers for at least 20 years after completion of construction. Acquired facilities must be used as senior centers for at least 10 years after completion of the acquisition.

Title III-B funds received by an Area Agency must be expended for priority services as specified in minimum percentages unless there is a waiver from DAAS. The minimum percentages for each category of service established by the Division are found in the State Plan and instructional letters accompanying the allocation notification to Area Agencies, or with the written waiver of percentage requirements from DAAS. Currently, these minimum percentages are: Access 30%, In-Home 25%, and Legal 2%. Priority services are as follows:

- a) In-home services (all levels in-home aide, home health, respite, housing/home improvement, health screening, senior companion, institutional respite, adult day health care, and adult day care).
- b) Access services [transportation (general and medical), care management, information and assistance/options counseling, outreach].
- c) Legal services (Older Americans Act, Sec. 306 and 307).

#### Nutrition Services

Funds may be used for congregate and home-delivered meals that meet one-third of the minimum daily recommended dietary allowances for the elderly and are provided at least once per day, 5 or more days a week (excluding scheduled holidays and adverse weather

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days). Lesser frequency than 5 days per week in service delivery must be approved in writing by DAAS (Older Americans Act, Sec. 312, 313, 331).

Services can be provided only by a sub-grantee or service provider, unless the State agency decides that direct service provision by an Area Agency is necessary to ensure an adequate supply of services. Any Area Agency providing nutrition services directly must receive a waiver from DAAS (Older Americans Act, Sec. 307).

A unit of service equals one (1) meal. The current NSIP reimbursement rate is \$0.75 per meal.

### **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**

Payment is made to the local provider on the basis of reimbursement for services rendered and is managed through the Division's Aging Resources Management System (ARMS). Funding amounts and unit rates are stated in the current DAAS-731 County Services Summary and on the DAAS-732 Provider Services Summary. Monthly reimbursement to the provider can be verified through the Provider Summary reimbursement report (ZGA-370-A). Year-to-date reimbursement can be determined through the Year-to-Date Provider Summary reimbursement report (ZGA-370-A-YTD). Reimbursement for individual client services can be documented through the Units of Service Verification report (ZGA-542).

### **E. ELIGIBILITY**

#### Supportive Services and Senior Centers

The basic eligibility requirement to receive aging services under Part B of the Older Americans Act and through State appropriations is age. Participants receiving aging services must be age 60 or older. Documentation of each service recipient's eligibility is maintained on the Client Registration Form (DAAS-101), which is maintained at the administrative offices of the local service provider.

#### Nutrition Services

Only persons 60 years of age or older, their spouses (regardless of age), volunteers, disabled persons under 60 who reside in housing facilities occupied primarily by the elderly where congregate nutrition services are provided, and individuals with disabilities who reside at home with and accompany older individuals who are eligible under this act, are eligible for congregate nutrition services (NOTE: Volunteers are persons providing free assistance to the nutrition service provider).

Persons age 60 or older who are homebound by reason of illness or incapacitating disability or otherwise isolated are eligible for home-delivered meals. Their spouses are

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eligible to receive a meal as the service recipient's designated caregiver, regardless of age (45 CFR 1321.69, 45 CFR 1321.17 (f) (12)).

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**

The Division of Aging and Adult Services provides federal funds to Area Agencies on Aging to support general planning and administration as well as Ombudsman activities. A description of Ombudsman activities can be found in State Compliance Supplement 93.042. The Federal share of such cost cannot exceed 75% for planning and administration and 85% for Ombudsman approved activities, as indicated in the budget support information approved by the Division and awarded to the Area Agency via a Notice of Grant (NGA) Award (Older Americans Act, Sec. 304 and Sec. 309). Note: Area Agencies on Aging report reimbursement data on the DAAS/ZGA 060 report.

DAAS allocates Federal and State funding for aging services through Area Agencies on Aging. This combination of Federal/State funding must have a minimum matching requirement of 10% in local resources. Federal and/or state funds secured from other grants cannot be used to make up the 10% minimum matching requirement. Specific information on the level of effort can be found in Section G State Supplement #93.042. These local resources may consist of in-kind resources, local cash, or any combination of the two (Older Americans Act, Sec. 304). NOTE: The minimum matching requirement can be determined by dividing .90 into the total allocation of Federal and State funds and then multiplying the product by .10. The actual local resources contributed may then be compared to the minimum amount required in order to determine that minimum matching requirements have been satisfactorily met. There is no match for the NSIP Program.

#### Earmarking

Not applicable at local level.

### **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 DAAS. The current local provider funding is stated on the Provider Services 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 ARMS can be verified through the Area Agency

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Financial report ZGA-801. These reports are available through the Area Agency or the DAAS.

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

#### Procurement

As specified in, Uniform Guidance 2 CFR Part 200 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 Part 200, subpart D requirement.

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>.

#### Suspension and Debarment

Not applicable at the local level.

### **J. PROGRAM INCOME**

#### Supportive Services and Senior Centers

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 shall be encouraged for individuals whose self-declared income is at or above 185% the poverty line, at contribution levels based on the actual costs of services. Such contributions must be used to expand the provider's services to older persons. (45 CFR 1321.67) (Older Americans Act, Sec. 315).

Providers are to exclude clients from consumer contribution policy requirements who receive adult day care, adult day health care, housing and home improvement, and in-home aide services AND who are receiving Work First assistance or who are applying for or receiving Supplemental Security Income (SSI).



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Upon initiation of the provision of the service(s) subject to consumer contributions and at least annually thereafter, the service providing agency shall review with each client determined eligible to receive services subject to consumer contributions the following information:

1. that the contribution is entirely voluntary and that there is no obligation to contribute;
2. that all contributions collected shall be used to expand the service(s);
3. that information about the client's participation in consumer contributions shall be confidential;
4. who should be contacted, including the telephone number, if the client has questions regarding consumer contributions;
5. the total cost of the service (actual or per unit); and
6. that services shall not be reduced or terminated for failure to contribute.

Providers are required to provide a copy of the Recommended Contribution Schedule showing the recommended contribution amount based on the service recipient's self-declared income to clients who are 1) above the federal poverty guidelines and who 2) receive Adult Day services, Group Respite, Home Health, Housing and Home Improvement, In-Home Aide, Institutional Respite, and/or Mental Health Counseling.

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

### **Nutrition Services**

Each service provider must provide each older person with an opportunity to contribute voluntarily to the cost of the services provided, and all such contributions must be used to expand the services of the provider, increase the number of meals served, and provide access and/or other supportive services directly related to nutrition services. 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 shall be encouraged for individuals whose self-declared income is at or above 185% the poverty line, at contribution levels based on the actual costs of services.

Providers of home-delivered nutrition services shall maintain the completed Provider Assurance Form in each client's file verifying that the client was informed about the Consumer Contribution Policy. Congregate Nutrition providers shall display posters or distribute flyers informing clients about the Consumer Contributions Policy.

Providers shall have written procedures to account for and safeguard all contributions.

## **L. REPORTING**

Special reporting – Service providers are reimbursed on the basis of the Units of Service Report (ZGA-542) or Non-Unit Service Verification Report (ZGA-544 or other source documentation) submitted through the Division's ARMS System. A listing of unit and non-unit services is available from the Area Agency on Aging or local service provider.

Service providers are required to report program income collected on a monthly basis. The "addition method" of accounting for program income is utilized by the Division. Program income must be used by service providers to expand services to clients. Program income shall be deducted from outlays, which may be both federal and non-federal outlays, before Federal and State funds are reimbursed (45 CFR 92.25, 45 CFR 1321.67, 45 CFR 1321.73, Uniform Guidance 2 CFR Part 200). NOTE: Program income

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entries made on the General Ledger or Receipt Journal must agree with amounts reported on the data entry records or the ZGA 370 series reports in ARMS. Year-to-date amounts can be found on the ZGA 370-YTD reports. With exceptions for data entry errors, the entities' records for program income receipts should match those on the Division's ARMS System for reimbursement reporting purposes.

### **M. SUBRECIPIENT MONITORING**

Area Agencies on Aging (AAA) are required to monitor service provider agencies at least once every three years) or as needed to ensure programmatic compliance and perform a unit verification at least every other year to ensure accuracy and reliability of units reported for reimbursement (Sec. 308, AAA Policies and Procedures Manual). Fiscal verification for non-unit services is typically included on programmatic monitoring tools and reviewed every three years (*\*See exceptions due to COVID-19 in section N page 12*).

Area Agencies on Aging are required to monitor service providers to ensure that eligible individuals are served (Older Americans Act, Sec. 306 (a) (13)). Monitoring schedules can be found in Exhibit 14 Provider Monitoring Plan of the Area Plan for the Area Agency on Aging (Sec. 308, AAA Policies and Procedures Manual).

Area Agencies in direct service of Nutrition Programs for the Elderly or Part B services receive regular on-site reviews for programmatic compliance and unit verification depending on the level of risk assigned by the NC Division of Aging and Adult Services.

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

#### **The following special tests and provisions apply to Area Agencies on Aging:**

##### **Compliance Requirement**

Area Agencies on Aging may charge indirect costs of their governing organizations to Planning & Administration and other applicable services. These charges must result from an approved cost allocation plan or indirect cost rates prepared in accordance with applicable Federal cost principles found in Uniform Guidance 2 CFR Part 200 and other appropriate guidelines.

##### **Suggested Audit Procedures**

- Review agency cost allocation plan or indirect cost rate to ensure prepared in accordance with applicable federal Uniform Guidance 2 CFR Part 200 and State guidelines.
- Review charge made to the Aging programs under the cost plan or indirect rate to assure that the charge agrees with the funding plan and that they are supported by time records or other statistical documentation of the allocation base.

#### **The following special tests and provisions apply to community service providers:**

##### **Compliance Requirement**

The HCCBG allocations documented on the DAAS-732 Provider Services Summary reflect the county's funding priorities by service, as determined by a local planning process and approved by county commissioners. Budgeted amounts and unit rates for each

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service in ARMS must match the county funding agreements for the county's designated community service providers.

### Suggested Audit Procedures

- Review a sample of contracts or grant agreements with service providers and compare with ARMS reports. Determine the following:
  - a) Budgeted amounts and unit rates on the ZGA-370 report series are consistent with contract or grant agreements (DAAS-732 Providers Services Summary).
  - b) Sampled contracts or grant agreements are supported by the appropriate HCCBG budget forms.

### Compliance Requirement

Service provider agencies are required to maintain source documentation that records the number of units provided to eligible participants. This data is entered into the Division's Aging Resources Management System (ARMS) for processing. Reimbursement is based on the actual number of units accepted by ARMS (units times reimbursement rate, up to the budgeted limit). Title III-B services that are **unit-based** include: Adult Day Care, Adult Day Care Transportation, Adult Day Health Care, Adult Day Health Care Transportation, Home Health, In Home Aide, Legal, Group Respite, Institutional Respite, Overnight Respite, and Transportation (General and Medical). Title III-C services are unit based and include Congregate and Home-Delivered Meals.

### Suggested Audit Procedures

- Review a sample of contracts or grant agreements with service providers and compare with ARMS reports. Determine the following:
  - a) Contract unit reimbursement rate equals ARMS reimbursement rate.
  - b) Contracted services are supported by ARMS reports.
- To the extent possible for sampled contracts and grant agreements, determine if costs are reasonable, allowable and necessary for the provision of the reported service. Use Unit Cost Computation Worksheets (if available) for unit-based.

### Compliance Requirement

Service provider agencies are required to maintain source documentation that support the program activities of non-unit services. Actual expenditures that support non-unit services are entered into the Division's ARMS system for reimbursement. Title III-B services that are **non-unit based** include: Care Management, Health Screening, Health Promotion/Disease Prevention, Housing/Home Improvement, Information & Assistance/Options Counseling, Mental Health Counseling, Volunteer Program Development, and Senior Center Operations.

### Suggested Audit Procedures

- Compare source documents for selected non-unit services with ARMS reports for the test period.
- Compare the actual amount reimbursed by ARMS with the receivable due for the test period.

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- Verify actual expenditures and relevant documentation for non-unit services and compare with reported expenditures for non-unit services.
- Determine if the costs are reasonable, allowable, and necessary for the provision of the sampled services.

### **The following special tests and provisions apply to Senior Centers:**

#### **Compliance Requirement**

The Area Agency must have on file an updated senior center inventory from the Division. The Area Agency must conduct programmatic reviews at least once every three years (per Administrative Letter 98-18) for each senior center listed on the inventory that has been constructed or acquired with Federal and/or State funds. The Area Agency should maintain documentation that the facility is being used as a multipurpose senior center with emphasis on outreach and targeting services to those elderly with the greatest social and economic need, with particular attention to low-income minority elderly.

#### **Suggested Audit Procedures**

- Review the senior center inventory issued by the Division of Aging and Adult Services for the current fiscal under review.
- Review documentation that the Area Agency has visited all centers on the inventory that received federal and/or state funding for acquisition or construction and has verified the centers are functioning as a multipurpose senior center and are targeting services as specified above.

#### **Compliance Requirement**

The Area Agency must have either a Notice of Record - Local Government (DOA-711) or a Notice of Record - Private Non-Profit (DOA-712) for all senior centers listed on the inventory that receive Title III-B funding for construction or acquisition after July 1, 1991.

#### **Suggested Audit Procedure**

- Verify that the Area Agency has the applicable form on file for each of the senior centers indicated in the Senior Center Inventory as receiving Title III-B funds for construction or acquisition.

#### **Compliance Requirement**

Service provider agencies that have been involved in acquiring or constructing senior centers must maintain records that document adherence to certain requirements. These requirements, which are applicable to senior centers listed on the inventory and which must appear in all contracts between the Area Agency and sponsoring organizations, are as follows:

- a) An itemization of all contracted funding as Federal and/or State and required minimum 10% local match.
- b) The identification of purpose for funding and a description of the long-term obligation, as stated in the Senior Center Development Service match.
- c) A copy of the Senior Center Development Service Standard is provided as an addendum to all contracts and a statement is provided indicating that all service standards requirements are applicable to contractual performance.

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### Suggested Audit Procedure

- Review contractual agreements between the Area Agency and service provider to verify that the aforementioned information is stated.

### **The following special tests and provisions apply to Nutrition Services only:**

#### Compliance Requirement

Service provider agencies are required to maintain source documentation that records the number of meals served to eligible clients. This data is entered into the Division's ARMS system for processing. Reimbursement is based on the units accepted by the ARMS system.

#### Suggested Audit Procedures

- Review selected meal reports received from providers and compare to the Title III-C and NSIP reimbursement from the Division for those providers. The meal count times the NSIP rate should equal the reimbursement for NSIP. The meal count times the unit rate should equal the reimbursement for Title III-C.
- Compare the total units recorded on source documentation with total units reimbursed for the test period. Reconcile any units rejected by ARMS or other recording errors. Compare actual NSIP funds received with Title III-C and NSIP receivable (reported units times the NSIP rate) for the test period.

Title III-C and NSIP reimbursement are based on the number of meals prepared/purchased and received by an eligible client. Accurate and complete records shall be maintained with respect to the number of meals purchased or prepared and the number of meals provided to eligible clients. Donated food or food items received from a food bank distribution center provided to clients are not considered as eligible units of service. No reimbursement for donated food is provided and therefore, no inventory of these items should be reviewed or considered.

### \*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.

North Carolina's Major Disaster Declaration (MDD) related to the Coronavirus pandemic was approved March 2020 which triggered the disaster relief authority of the Older Americans Act. This authority provides flexibility to states to use any portion of the funds made available under the OAA for disaster relief for older individuals. The Administration on Community Living encouraged states to exercise maximum flexibility to respond to needs during the MDD. These flexibilities given to the State Unit on Aging include:

- To ability to use existing funds under the OAA for disaster relief without a separate application or transfer request. The NC SUA plans to exercise this flexibility as needed.
- Waiving the 15% nonfederal match on Coronavirus funds spent on services.
- To ability to use overmatch provided for services to meet State Plan and Area Plan Administration. The NC SUA elected to use overmatch for services to provide the 25% nonfederal match for Area Plan Administration funding allocated under the CARES Act.