

NEW YORK STATE OFFICE FOR THE AGING

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PROGRAM INSTRUCTION	Number: 99-PI-20
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DATE: **August 5, 1999**

TO: **Area Agency on Aging Directors**

SUBJECT: **Program/Fiscal Monitoring**

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This Program Instruction (PI) provides minimum standards for monitoring programs which receive State Office for the Aging (SOFA) administered funding, whether originating from state monies or federally funded under the Older Americans Act (OAA).

PURPOSE: Required Action

Program Monitoring: Area agencies on aging (AAAs) must establish and maintain ongoing systems for monitoring of both subcontracted and directly provided services. For the majority of the AAAs' services and programs, formal on-site monitoring must be carried out *at least once a year* and must be documented as set out in this PI.

Definitions

A. Formal Program Monitoring--Refers to an on-site program review by AAA staff with a standardized instrument or tool that objectively measures the service provider's performance and compliance with contract/program objectives and federal and state requirements. Using the completed monitoring tool, a report summarizing the findings from the on-site visit and other sources is prepared and shared with the service provider or program manager. When compliance issues are identified, the AAA will require that a written corrective action plan be developed and implemented.

B. On-site--The physical location or locations from which the subcontracted or directly provided services are managed and/or delivered.

Fiscal Monitoring—For each subcontractor, fiscal monitoring shall include: 1) annual in-house reviews of Single Audit Reports or compliance monitoring as required by OMB Circular A-133; *and* 2) an on-site review of accounting systems and source documentation for contract costs. The on-site reviews should occur no less frequently than *once every two years*.

Timeframes for Implementation: The requirements set forth in this PI are effective immediately. If an AAA needs additional time to comply with these requirements for any reason, this must be discussed with and approved by the assigned Aging Services Representative either prior to or during the Annual Evaluation of the AAA by SOFA personnel.

Background

The Older Americans Act §Section 306(a)(6)(A), Code of Federal Rules and Regulations (42 CFR) 1321.53(a) and Sections 6652.2(c) and 6652.9(e) of the New York State Office for the Aging Regulations (at 9 NYCRR) require AAAs to monitor and evaluate services provided under the area plan.

This PI is also based on guidance in a 1997 audit by the State Comptroller indicating a need for SOFA to clarify for AAAs a set of minimum standards for monitoring subcontracted and directly provided service activities, with follow-up reports, documentation, etc. This PI replaces the monitoring requirements contained in 90-PI-47.

Requirements

A. Frequency of Program Monitoring

Formal on-site program monitoring must occur at least once a year for most AAA-funded programs. If possible, it should occur early enough in the program year for corrective measures to be taken so minor difficulties could be addressed before they become major problems.

B. Frequency of Program Monitoring for Programs with Contracts or Grants of \$25,000 or Less

A system of formal on-site program monitoring *once every two years* may be adopted for subcontracts or grants meeting the following criteria:

- 1) the subcontract or grant is for \$25,000 or less,
- 2) the funded services carry a low risk of health and safety problems and,
- 3) the program has received at least one prior formal on-site monitoring visit. Contracts for homemaking/personal care, housekeeper/chore, home health aide, home delivered meals, adult day care and congregate meal services **must** receive formal on-site monitoring annually, regardless of the size of the contract or grant, since maintenance of health and safety standards in these projects is essential to assuring the well-being of clients who are typically frail and vulnerable. Strong consideration should be given to conducting formal on-site monitoring more frequently than once per year for these services.

If an AAA opts to conduct formal on-site reviews every two years for programs meeting the criteria noted above, it must be able to document that the programs have been monitored using other means during the "off-cycle" year. (SOFA will offer guidance on ways of conducting "off-cycle" reviews in a Technical Assistance Memorandum that will be sent to AAAs following transmission of this PI.) If areas of non-compliance or areas needing improvement are identified through these "off-cycle" reviews, the service program or provider must be informed in writing of these findings and be required to develop and implement a written corrective action plan.

C. Scope of the Review

AAAs must develop instruments/tools to be used during formal on-site monitoring visits to document and standardize the reviews. (A sample monitoring tool for AAAs to assist them in the development or refinement of standardized monitoring instruments and documentation will be sent out following transmission of this PI.)

Program Monitoring--The instrument for the formal on-site program review must include:

- ◆ A comparison of year-to-date units provided and clients served with contracted/projected levels.
- ◆ A comparison of year-to-date expenditures with contracted/projected levels.
- ◆ An examination of the actual cost per client and its reasonableness (where practicable).

◆ Testing of reported units of service and reported expenditures. At a minimum, the monitor must verify through source documents available at the service site whether the units of service and expenditures reported to the AAA in a selected period of time (a month or a quarter) can be supported. Do accounting records support amounts reported on vouchers and do units of service tie in to programmatic reports?¹

◆ A review of the provider's timeliness in submitting vouchers and program reports.²

◆ A review of the extent to which target populations are being served (minority, low-income, frail, and vulnerable persons as discussed in 92-PI-30). At a minimum, the review must address whether target populations are served in proportion to their representation in the total elderly population within the service provider's catchment area.

◆ The formal on-site review must include monitoring of the provider's progress toward accomplishing the targeting activities for low income minority elderly that were described in the contract.

◆ An analysis of the service provider's work with other providers and organizations to facilitate coordination and minimize possible duplication of effort.

◆ Compliance with other key federal and state requirements:

a) Conformance with Affirmative Action and Equal Employment policies and procedures.

b) Compliance with prohibitions on using public funds to support sectarian, political and lobbying activities.

c) Retention of program and fiscal records for a period of six years.

d) Due recognition to the Administration on Aging, SOFA and AAA, as approved by SOFA, in program brochures, flyers and other printed materials.

e) Documentation of appropriate training plans for service staff and a random check of the provider's files to verify the type of training *actually* provided.

1 See note in Section G about reviewing reported expenditures for directly provided services.

2 See note in Section G about reviewing vouchers for directly provided services.

- f) Compliance with requirements that client information be treated confidentially.
- g) Use of equipment purchased with federal and state funds is for the chief benefit of the elderly. Further, the review should check that equipment purchased with SOFA funds is available and in use, is tagged and coded as property of the AAA or subcontractor and is listed on an inventory identifying its funding source.
- h) Documentation of compliance with requirements for Charities Registration with the State Attorney General's Office for specified not-for-profit organizations.
- i) Compliance with requirements to allow program participants to voluntarily and confidentially contribute to the cost of services.
- j) Documentation of grievance procedures for older individuals who are dissatisfied with or denied services.
- k) Having a system in place to protect assets and safeguard funds.

The items outlined above form the minimum standards for reviewing programs that receive funding administered by SOFA. For programs supported with EISEP funding, guidance about monitoring the specific services is contained in 91-TAM-1. Monitoring of nutrition services must meet the requirements contained in 90-PI-26 and monitoring of social adult day care programs should follow the guidance provided by 95-TAM-05.

Fiscal Monitoring--SOFA has adopted federal fiscal monitoring requirements for all AAA operated programs. As 97-PI-32 advised and directed, fiscal and compliance audits shall be compliant with the recently revised OMB Circular A-133.

If a subcontractor or subgrantee of an AAA receives **more** than \$300,000 in federal funds in a given fiscal year, it must engage a CPA to perform an A-133 audit for that period. If a subcontractor or subgrantee of an AAA receives **less** than \$300,000 in federal funds in a given fiscal year, the AAA is responsible for monitoring this subcontractor or subgrantee in accordance with OMB Circular A-133 and the compliance supplement to the Circular. SOFA has an approved policy of conducting on-site fiscal monitoring for each AAA at least once every two years and has determined that AAAs should be held to the same standards.

Questionnaires, which may be used to comply with the requirements in OMB Circular A-133, will be forwarded to AAAs shortly.

D. Findings

Findings from formal on-site monitoring visits must be shared with service providers or program managers at the conclusion of the on-site visit **and** through a written report summarizing the findings. If no compliance issues are identified in the course of the monitoring visit, the written report should state that no response from the provider is required. However, if compliance issues are identified:

- ◆ The AAA must require the subcontractor or direct service unit to respond to the report in writing and provide a plan for corrective action.
- ◆ The report must establish a target date or timeframe for corrective actions reflecting the seriousness of the deficiencies.
- ◆ If findings are of a health and safety nature or when other serious program and/or fiscal deficiencies are noted, corrective actions should be requested immediately or within a matter of days.
- ◆ The timeframe for other types of corrective actions must not exceed two months.
- ◆ When appropriate, the report may also include specific recommendations for correcting the deficiency(ies) or resolving the problem(s).

E. Follow-Up Activities

AAAs must establish effective procedures for follow-up of formal on-site monitoring to assure that required corrective actions are implemented. There must be close monitoring and documentation of the provider's progress in implementing corrective actions. Further, the AAA must insure that whenever the next cycle of formal on-site monitoring occurs, a review of the areas of non-compliance noted in the prior year and the corrective actions to address these areas are examined. If the deficiency or areas of non-compliance that were identified affect client or worker health and safety or are of another very serious nature, a follow-up site visit must be scheduled sooner than the next regularly scheduled routine monitoring.

Follow-up activities may also include the AAA's provision of technical assistance or training to help the service provider complete the corrective actions that were identified.

F. Documentation

At a minimum, the AAA must maintain documentation of:

- ◆ Procedures for monitors to follow in conducting visits, using standardized monitoring tools, documenting activities, and timeframes for completing reports and follow-up.
- ◆ A schedule or calendar for monitoring all services and programs which receive funding through SOFA (the schedule will include routine "desk" reviews of reports, vouchers and other program materials as well as the required on-site monitoring).
- ◆ For each formal on-site monitoring visit that is completed, there must be documentation of the:
 - date of the on-site work;
 - areas that were reviewed;
 - findings and any necessary corrective actions;
 - service provider's written response and, if required, its corrective action plan; and,
 - follow-up efforts by AAA staff to insure that corrective actions were taken (if the follow-up is done via telephone, a "memo to the file" or other write-up of who was contacted, the date, and brief description of the major points of the conversation would provide adequate documentation)
- ◆ For "desk" reviews and monitoring, there must be documentation of:
 - the date(s) the work was done;
 - a brief description of what was reviewed;
 - any problems noted; and,
 - follow-up with the subcontractor or direct service unit

An additional aspect of documentation involves what is recorded in the monitoring instrument. A reviewer will typically note "yes" or "no" answers to questions that are posed in the instrument and add comments. The reviewer must also note the title and date of any documents that were reviewed to verify answers. For example, if the reviewer examined transportation logs to test

whether reported units of service could be supported, (s)he would note "reviewed weekly route sheets for July, 1999 that were maintained by Dover Senior Center."

G. Monitoring of Directly Provided Services

The required level of compliance with program requirements is the same whether the service is provided by the AAA or under subcontract. Thus, the review should be neither more nor less critical than that for subcontracted services. The scope of the review (as discussed in Section C above) would be the same, with two possible exceptions:

◆ Although it is required that the program manager and staff maintain documentation that supports reported units of service on-site, they may not maintain the documentation that supports expenditures reported to SOFA. This documentation may be maintained by the AAA's fiscal office and, thus, reviewers may need to modify the examination of the tie-in between accounting records and expenditures reported on vouchers accordingly.

◆ The provider's timeliness in submitting vouchers to the AAA would be similarly affected. If the direct service unit is required to submit timesheets or other information that is used in preparing vouchers, the timeliness of these submissions may be appropriate for the reviewer to evaluate. However, if the AAA's fiscal unit handles all other information, this area of examination may be omitted from the review.

As with reviews of subcontracted programs, a written report must be completed for each monitoring of a directly provided service, there must be follow-up on areas of non-compliance and the reviews must be fully documented.

Model Documents & Best Practices

To assist AAAs in developing and/or enhancing their monitoring systems, SOFA will transmit a Technical Assistance Memo (TAM) to AAAs following transmission of this PI. The TAM will include a sample monitoring tool, a form that may be sent to subcontractors or program managers to complete outlining proposed corrective actions, a questionnaire that may be used for fiscal monitoring and other useful information reflecting best practices.

PROGRAMS AFFECTED: Title III-B Title III-C-1 Title III-C-2

EISEP Cash-in-Lieu Title V HIICAP LTCOP

Other:

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