

North Carolina Department of Health and Human Services

Division of Aging and Adult Services



Plan for Monitoring  
Subrecipients

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## 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

The DAAS acknowledged the 1997 changes and revisions to OMB Uniform Guidance 2 CFR Part 200 and 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 to determine if performance goals are being achieved. In 1999, the “risk based” approach to monitoring was adopted by the DAAS which recognized part of the OMB Uniform Guidance 2 CFR Part 200 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, in August 2002, policies and procedures for monitoring programs. Additional changes to the State Single Audit Implementation Act were issued in 2013. The single audit requirements changed to reflect the Uniform Guidance under the authority of G.S. 159-34. The Uniform Guidance supersedes and consolidates the OMB Circulars on cost principles (A-21, A-87, A-122), administrative requirements (A-89, A-102, A-122), and audit requirements (A-50, A-133). With these requirements in mind, the Division has implemented this plan as another step toward emphasizing the importance of subrecipient compliance monitoring.

### 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 on Aging 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 that support services to 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 funds 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, ESG and Services 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 DHHS Office of the Internal Auditor and other State agencies. The Lead Monitor acts as a “clearinghouse” for monitoring reports and corrective actions. Contact:

Lead Monitor  
Division of Aging and Adult Services  
693 Palmer Drive  
Raleigh, NC  
(919)855-4300

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

#### **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.

1. Federal Requirements:
  - a. The Older Americans Act, as amended, Section 307

- b. Office of Management and Budget (OMB) Uniform Guidance 2 CFR part 200
- c. Single Audit Implementation Act

2. State Requirements:

- a. North Carolina General Statute 143C-6-22 and 143C-6-23.
- b. DHHS Policies and Procedures, Monitoring of Programs
- c. Home and Community Block Grant Manual
- d. AAA Policies and Procedures Manual, Section 308

**F. DAAS Monitoring Web Site**

The Division of Aging and Adult Services maintains a monitoring website 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 website can be found at: <http://www.ncdhhs.gov/divisions/daas/monitoring>.

**II. HCCBG and Non-HCCBG 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 support 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 certain federal funding into one block grant. These fund sources include: Older Americans Act Title III-B, III-C, SSBG allocations to the State In-Home Fund, 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 allocated through the 16 Area Agencies on Aging. For those services funded under the HCCBG, grant award decisions are made annually through a grass-roots local planning committee process that makes recommendations to 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 the region.

**B. HCCBG Funded Programs**

Program Name	CFDA/Compliance Audit Supplement
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
Nutrition Services Incentives Program	93.053 Nutrition Services Incentives Program

State In-Home Fund	93.667-3 Social Services Block Grant State In-Home Services Fund
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### C. Other Funded Programs

Program Name	CFDA/Compliance Audit Supplement
Senior Community Service Employment Program	17.235 Senior Community Service Employment Program (Title V)
Legal Services	*included under the Aging Cluster 93.044
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
Family Caregiver Support	93.052 Family Caregiver Support – Title III-E
Senior Center General Purpose	SF-135 General Purpose Funding for Senior Centers

### D. 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 sixteen 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 functions such as program planning, monitoring and funds administration and greatly contribute to the support of local aging programs. AAAs are one of the primary subrecipients of the Division of Aging and Adult Services receiving over \$60 million in funding annually. The majority of their funding is awarded by formula grant to counties that use a local planning process to select community service providers and services. More than 400 public, non-profit, and for-profit agencies provide services statewide, including some AAAs that provide services directly to older adults under a waiver from DAAS.

The Division of Aging and Adult Services has two primary focuses with regard to 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 provide direct community-based services for the older adult population.

2. **AAA Subrecipients: Community-Based Services:** The majority of funding received by the AAAs is awarded to counties that sub-allocate the funds 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 found at: <http://www.ncdhhs.gov/document/section-308-aaa-policies-and-procedures-manual>.

## **E. Monitoring Staff**

The staff that monitor 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 familiar with the strengths and weaknesses of each subrecipient as well as having knowledge and experience in the specific service area.

## **F. 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 structure for determining subrecipient (AAA) risk. The concept of the Self-Assessment Guide is a cornerstone of this section of the monitoring plan, but 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 over time. 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 focusing on different aspects of service delivery and administration of services. The current Self-Assessment Guide can be found on the DAAS web site. 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 Community Services Employment Program (SCSEP/Title V) and Legal Assistance (Title III-B).
2. **Planning:** Includes AAA Planning/Administration program (Discrimination, Grievance, Advocacy and Outreach policies and Data Quality Assessment).

3. **Service Operations:** Includes all community-based services (direct and subcontracted) funded through the Home and Community Care Block Grant for older adults and Family Caregiver Support.
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 Division staff are assigned to conduct on-site monitoring visits beginning in February and ending in May. 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 findings 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 may receive on-going desk reviews and may receive a visit for verification 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 findings that need additional follow-up or verification, key staff in need of training in specific areas, 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 may receive an on-site visit to verify or follow-up on specific points not resolved from the desk review, to verify corrective action and/or to 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.

\*\* 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.

## **G. 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.ncdhhs.gov/divisions/daas/monitoring>. 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 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 compliance requirements and the conflict of interest policy requirement by funding source.

## **H. Monitoring Process**

### **Programmatic Monitoring**

Annually, there are three 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 14 which details their plans for monitoring subrecipients and the Exhibit 14A listing of subcontractors, if applicable. Annually, the AAA assigns a level of risk for each subrecipient, which includes risk associated with any subcontractor’s performance evaluation. Based on this risk determination, the AAA carries out its monitoring plan accordingly. The greater the risk, the more frequent monitoring occurs. Programmatic monitoring will be conducted on all aging services provided by community service providers as needed but at least once every three years.

Sec. 308 of the AAA Policies and Procedures Manual states, “Unit verifications for all aging services be performed as needed but at least every other year for all aging services provided by each community service provider”. 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/unit 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:

<b>Total # Clients Served</b>	<b>Base Sample Size</b>
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

- 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.

**Fiscal Monitoring**

Due to the amount of funding received, each of the 16 AAAs, as part of Lead Regional Organizations (or Councils of Governments), are required to receive a Single Audit annually. The Division (as well as the DHHS Office of Internal Audit) reviews these audits annually and conducts follow-up on any findings cited.

In addition, the Single Audit Act and the changes in the Uniform Guidance 2 CFR Part 200 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 require agencies expending \$750,000 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 but must receive fiscal monitoring from one of the 16 AAAs.

**I. Monitoring Reports and Corrective Action**

Monitoring reports from the Division of Aging and Adult Services to AAA subrecipients and from the *Area Agency on Aging to their subrecipients must be submitted in writing within 30 business days of the site visit with exception of unusual circumstances outside DAAS control.* Each report contains the following information:

- Name and Address of Subrecipient monitored,
- Program names and funding sources monitored,
- Name and title of monitoring staff,
- A statement of the review of the self-assessment,
- A summary of the areas reviewed during the site visit and, if applicable, a list of the non-compliance programmatic findings,
- Acknowledgement of compliance or non-compliance as related with the applicable Audit Supplement Criteria by funding source (CFDA #) – see chart below:

FEDERAL	STATE
A. Activities Allowed or Unallowed	1. Activities Allowed or Unallowed
B. Allowable Costs/Cost Principles	2. Allowable Costs/Cost Principles
C. Cash Management	3. Cash Management
D. Reserved	4. Conflict of Interest
E. Eligibility	5. Eligibility
F. Equipment & Real Property Mgmt	6. Equipment & Real Property Mgmt
G. Matching, Level of Effort, Earmarking	7. Matching, Level of Effort, Earmarking
H. Period of Performance	8. Period of Performance
I. Procurement, Suspension and Debarment	9. Procurement, Suspension and Debarment
J. Program Income	10. Program Income
K. Reserved	11. Reserved
L. Reporting	12. Reporting
M. Subrecipient Monitoring	13. Subrecipient Monitoring
N. Special Tests and Provisions	14. Special Tests and Provisions

- Acknowledgement of compliance or non-compliance with the Conflict of Interest policy (non-profit entities only),
- A description of relevant findings and areas of non-compliance with recommended corrective action,
- Any suggestions for improvement and/or technical assistance, and
- 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 business 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 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.

## **J. 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 and signed assurances
- The most recent version of the AAA Exhibit 14 Monitoring Plan and Exhibit 14A List of Subcontractors
- 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.

## **K. Special Circumstances**

Exceptions to the monitoring process can occur when there is a state of emergency, such as a pandemic, natural disaster or other emergencies, at the discretion of the Division. These exceptions may involve temporary changes to staffing, travel restrictions, budgetary restraints or other provisional deviations from normal monitoring requirements.

During these circumstances, monitoring may occur through alternate means such as desk reviews, virtual conferences or a combination of methods to accommodate conditions. The funded agencies subject to monitoring will provide required records and/or digital documentation through a secure process.

With monitoring conducted under special circumstances, sample sizes may have to be adjusted.

The timeframe for monitoring during special circumstances also may be affected. The beginning or end dates within a monitoring timeframe may be extended to accommodate emergency conditions.

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.

**III. SSBG Eligibility, Adult Services and Contracts Provided by SSBG Funds**

**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.

**B. SSBG 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 responsible for the monitoring of services provided to adults with these funds. The following fund sources and programs are monitored as part of this responsibility:

<b>Program Name</b>	<b>CFDA/Compliance Audit Supplement</b>
Social Services Block Grant (SSBG)	93.667 Social Services Block Grant

**C. Subrecipients**

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

Corporations providing guardianship for adults in contract with the DAAS are subrecipients of SSBG funding.

**D. Monitoring Staff**

Responsibility for Social Services Block Grant monitoring at county Departments of Social Services (DSS) is assigned to the Adult Services Section’s seven (7) Adult Program Representatives (APRs). Each APR is assigned a region of the state.

In addition, the APRs provide ongoing consultation, technical assistance, and oversight of services provided at local DSSs.



Central office-staff provide technical assistance, oversight, and complete annual monitoring for Guardianship Corporations contracting with DAAS.

#### **E. Monitoring of Subrecipients**

County Departments of Social Services are monitored on a four (4) year cycle. Comprehensive and more frequent monitoring of subrecipients can occur when appropriate, determined by on-site consultation visits, desk reviews, and previous corrective action. Increasing the frequency of monitoring and expanding the size of the sample to be reviewed are options utilized to conduct more comprehensive monitoring when necessary.

Guardianship Corporations contracting with DAAS are monitored annually as per the scope of work.

#### **F. Monitoring Tools**

All the standardized [Adult Services monitoring tools \(Appendix 6\)](#) are based on applicable laws and regulations that govern each of the programs/funds being monitored.

#### **G. Monitoring Schedule**

Management and staff of the Adult Services Section will determine the schedule for monitoring subrecipients. DSS subrecipients will be notified prior to or early in the beginning of each fiscal year regarding the monitoring schedule for the SSBG.

Guardianship corporations contracting with DAAS will be notified prior to the month of monitoring.

DSS on-site monitoring, which began in May 2003, will be conducted over a multi-year time period for all subrecipients of these funding sources. Currently, all corporations are monitored each year.

#### **H. Monitoring Sample**

County DSS are divided into three levels based on county population. 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 county DSS subrecipients are included with this monitoring plan. County levels are reviewed annually by State DSS for changes in levels. The county levels for the 100 subrecipients are included with this monitoring plan. See [Appendix 1](#) for list of county levels.

County DSS 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). 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. In the event, there are fewer records to monitor than the sample size required, all available records will be monitored.

The sample for programmatic monitoring of Adult Protective Services, Guardianship and Special Assistance In-Home (SAIH) provided by county DSSs is as follows:

Level I Counties	Level II Counties	Level III Counties
4	5	7

**I. Monitoring Process**

**SSBG and Programmatic - DSS**

- a. Designated staff in the Adult Services Section will obtain the appropriate sample of cases from the Division of Social Services 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 to review the records identified in the sample.
- b. Records will be reviewed using the standardized tools and instructions for the monitoring described and included in this plan.
- c. At the conclusion of the monitoring, the APR will conduct an exit conference with the county DSS staff. It is suggested that the supervisory staff including the Director participate.
- d. 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 correction action by the county DSS. Each county DSS is required to achieve a minimum seventy percent (70%) success rate based on the sample of records monitored. Any county DSS with an error rate below this standard value will require a corrective action plan. Corrective action includes but is not limited to chargebacks to the county.

- e. Staff conducting the monitoring will assist the county DSS 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 APR 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 Local Business Liaison (LBL) with the Division of Social Services may assist with follow-up.

### **SSBG - Corporations (Guardianship contract)**

- a. Subrecipients will be notified of the sample of records selected for review prior to the scheduled monitoring dates. This monitoring is primarily conducted onsite at the corporation's headquarters to review the programmatic records identified in the sample.
- b. Prior to conducting onsite corporation monitoring, the staff will review any findings and follow up from previous deficiencies and/or corrective action plans from the previous state fiscal year. Records will be reviewed using the standardized Guardianship Program Compliance monitoring tool and Contractor Administrative Requirements.
- c. The number of records reviewed is based on the number of individuals served by the corporation. If the corporation serves less than 10 individuals, then all of the records will be monitored. If the corporation serves between 11 – 99 individuals, then ten records will be monitored. If the corporation serves between 100 – 199 individuals, then fifteen records will be monitored. If the corporation serves between 200 – 399 individuals, then twenty records will be monitored. If the corporation serves more than 400 individuals, then thirty-five records will be monitored.

### **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.

### **K. Special Circumstances**

Exceptions to the monitoring process can occur when there is a state of emergency, such as a pandemic, natural disaster or other emergencies, at the discretion of the Division. These exceptions may involve temporary changes to staffing, travel restrictions, budgetary restraints or other provisional deviations from normal monitoring requirements.

During these circumstances, monitoring may occur through alternate means such as desk reviews, virtual conferences or a combination of methods to accommodate conditions. The funded agencies subject to monitoring will provide required records and/or digital documentation through a secure process.

With monitoring conducted under special circumstances, sample sizes may have to be adjusted.

The timeframe for monitoring during special circumstances also may be affected. The beginning or end dates within a monitoring timeframe may be extended to accommodate emergency conditions.

**IV. Medicaid Administrative Claiming (MAC)**

**A. Purpose**

The purpose of this document is to establish monitoring objectives and processes for Medicaid Administrative Claiming for Adults and Children (MAC). This plan will ensure that utilization of this funding source results in compliance with applicable federal and state laws and regulations. The plan will help to ensure the integrity of claiming allowable activities that support a Medicaid beneficiary and a non-Medicaid beneficiary to access and receive Medicaid covered services under the Medicaid State Plan Amendment (SPA). The plan will provide baseline data to determine if MAC is applied and evaluated appropriately. The results will be derived cumulatively using the monitoring tool. The cumulative results gathered from all 100 departments of social services (DSS) monitored may show areas of performance that may require additional consultation and training.

**B. MAC Program/Funds**

MAC provides reimbursement to county DSS for administrative activities that directly support efforts to identify and enroll eligible clients into Medicaid, to refer, coordinate and monitor services covered by Medicaid, to remove barriers to accessing Medicaid services and to reduce gaps in Medicaid service. The following fund source are monitored as part of this responsibility:

<b>Program Name</b>	<b>CFDA/Compliance Audit Supplement</b>
<b>Medicaid Administrative Claiming</b>	<b>93.645</b>

**C. About Medicaid Administrative Claiming**

Medicaid covered services are those Medicaid services in North Carolina’s Medicaid State Plan. If a county DSS assists an individual to enroll in Medicaid or obtain a Medicaid service, it is likely these activities would be reimbursable according to federal MAC guidelines.

Medicaid administrative costs are allowed as claimable under Title XIX of the Social Security Act. Title XIX authorizes federal reimbursement to states for quarterly expenditures for medical assistance under the approved Medicaid State Plan, and for expenditures necessary for

administration of the state plan. This joint federal-state financing of expenditures is described in section 1903(a) of the Social Security Act and sets forth the rates of federal financing for different types of expenditures. Furthermore, Title 42 CFR Part provides the most detailed compendium on Medicaid administrative activities as allowed through Title XIX.

Medicaid Administrative Claiming is reimbursable Medicaid administrative activities performed by county DSS. It is used for both adults and children. The Division of Aging and Adult Services (DAAS) and Division of Social Services (DSS) are responsible for carrying out monitoring of MAC.

Approved MAC reimbursable activities are:

- Arranging for Transportation to Access Medical Services
- Facilitating Medicaid Program Eligibility Determination
- Medicaid Outreach and Public Awareness
- Referral, Coordination, and Monitoring of Medicaid Services

#### **D. Monitoring Staff**

Staff of Division of Health Benefits (DHB), DAAS and DSS are responsible for monitoring MAC. DAAS and DSS are responsible for management and oversight of all aspects of MAC and monitor county DSS adherence to federal MAC guidelines. DHB establishes and updates procedures for the administration and operation of MAC.

Performance measures reported semiannually as described in the MAC Intra-Departmental Memorandum of Agreement (IMOA) are:

- a. The number and names of counties claiming MAC;
- b. The number and names of counties monitored during the previous period;
- c. Total number of claims for each MAC code reviewed per county during the reporting period, and the percent of claims found in compliance;
- d. Number and percent of claims that were billed (as described in measure #3) to non-reimbursable activities necessitating a payment adjustment referral (PAR).
- e. Number of counties with monitoring errors that required a corrective action plan;
- f. Number and percent of counties with a completed corrective action plan remedying all corrective actions from the previous reporting period (if applicable);

#### **E. Monitoring Tools**

MAC monitoring is responsible for maximizing compliance with federal statutes governing utilization, documentation and financial reporting of MAC activities. In using the monitoring tool, DHB through its partners, monitors activities under five (5) separate areas including:

- a. Required documents to claim MAC activities;
- b. Requirements for Referral, Coordination and Monitoring (SIS Code 340)
- c. Requirements for Facilitating an Application for the Medicaid Program (SIS Code 341)
- d. Requirements for Outreach for Medicaid Services (SIS Code 342)
- e. Requirements for Arranging Transportation Services for Clients to Access Medicaid Services (SIS Code 343)

The [MAC monitoring tool](#) and [MAC monitoring instructions](#) are located on the DHHS website.

## F. Monitoring Schedule

Desk reviews and on-site monitoring of MAC activities began in State Fiscal Year 2015 (SFY15). Management and monitoring staff of DAAS and DSS will determine the schedule for CDSS monitoring. MAC monitoring will be scheduled in conjunction with other planned program monitoring.

Desk reviews and on-site monitoring are conducted in accordance to the monitoring schedule established by DAAS and DSS. Each county will be provided and presented with an On-site Monitoring Notification letter at least 30 days prior to an audit review. According to the established monitoring schedules, DSS will monitor 33-34 counties each SFY and DAAS will monitor the number of counties specified in the monitoring schedule for each SFY. Access to the respective plans can be located through these links:

**DAAS:** [Division of Aging and Adult Services Monitoring Policy](#)

**DSS:** <https://www2.ncdhhs.gov/dss/Monitoring/index.htm>

## G. Monitoring Sample

Monitoring staff of Adult Services and Family Support/Child Welfare Services will monitor a representative sample of claimed MAC activities. The claims to be reviewed are selected using a simple random sample method. Each county DSS is required to achieve a minimum ninety-five percent (95%) success rate based on the sample of claims monitored. Any county DSS with an error rate below this standard value is subject to corrective action. In the event there are fewer claims to be monitored than the sample size, all available claims will be monitored.

**Important Note:** The success rate based on the sample of claims monitored is irrespective of a county DSS financial liability of payment adjustments for disallowed claims. All non-reimbursable activities discovered during an audit are subject to repayment in accordance to MAC guidelines.

## **H. Monitoring Process**

Claims will be reviewed using the standardized MAC monitoring tool. County DSS will be notified of the sample of claims selected for review prior to the scheduled monitoring dates. Monitoring will occur by desk review or on-site at the county department of social services to review the documentation for the claims identified in the sample.

## **I. Reporting Findings and Follow-up**

Once the desk review or on-site monitoring is completed, the results, as determined using the MAC Compliance Monitoring Tool, will be summarized and communicated to the county during the exit conference. An audit summary letter will be sent to the counties according to the respective monitoring plans to identify their success rate and any areas indicating a need for corrective action.

Staff conducting the monitoring will compile the findings and provide the findings to the county DSS to develop a corrective action plan, if needed, and respective Division staffs will arrange additional training or technical assistance to address specific problems. Adult and Children's Programs Representatives (APRs and CPRs), assigned to county DSS will follow up on the plan to ensure all areas needing remediation have been addressed and completed.

Aggregate results of the monitoring will be reported to DHB on an ongoing basis. The results will represent problems identified and areas where additional training and consultation are required. The results will establish a baseline to assist in determining level of risk due to inappropriate utilization of MAC.

## **J. Ongoing Monitoring of MAC**

After cumulative data from the first six months of the initial implementation of this monitoring tool are collected, the monitoring plan may be adjusted to increase or decrease the sample size depending upon results of the monitoring. On-going evaluation of the sample size will be addressed on a quarterly basis as outlined in the MAC Intra-Departmental Memorandum of Agreement.

## **K. Maintenance of Monitoring Documentation**

Monitoring tools, written reports and related correspondence for MAC monitoring will be maintained by DHB, DAAS and DSS according to record retention schedules.

## **L. Special Circumstances**

Exceptions to the monitoring process can occur when there is a state of emergency, such as a pandemic, natural disaster or other emergencies, at the discretion of the Division. These exceptions may involve temporary changes to staffing, travel restrictions, budgetary restraints or other provisional deviations from normal monitoring requirements.

During these circumstances, monitoring may occur through alternate means such as desk reviews, virtual conferences or a combination of methods to accommodate conditions. The funded agencies subject to monitoring will provide required records and/or digital documentation through a secure process.

With monitoring conducted under special circumstances, sample sizes may have to be adjusted.

The timeframe for monitoring during special circumstances also may be affected. The beginning or end dates within a monitoring timeframe may be extended to accommodate emergency conditions.

**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):

<b>Program Name</b>	<b>CFDA/Compliance Audit Supplement</b>
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 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.

#### **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.

#### **Special Circumstances**

Exceptions to the monitoring process can occur when there is a state of emergency, such as a pandemic, natural disaster or other emergencies, at the discretion of the Division. These exceptions may involve temporary changes to staffing, travel restrictions, budgetary restraints or other provisional deviations from normal monitoring requirements.

#### **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 forwards required documentation to the Division and a recommendation that the program receive continued certification.

#### **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 the Alzheimer's disease Support Services state funds that support programs and services to support Family Caregivers of persons with Alzheimer's disease and related dementias.

### **B. Programs/Funds**

The following fund source and program is monitored as part of the Alzheimer's disease Grants:

<b>Program Name</b>	<b>CFDA/Compliance Audit Supplement</b>
Alzheimer's Disease	SF-4 Alzheimer's Disease Supportive Services

### **C. Subrecipients**

The Division has a direct contractual relationship with agencies statewide to support the needs of family caregivers of persons with Alzheimer's disease and related dementias.

### **D. Monitoring Staff**

This grant supports a full-time Alzheimer's Support Specialist who is responsible for the administration of the above grant as well as the annual monitoring of the program.

### **E. Risk Assessment for Subrecipients**

As part of the role of the Alzheimer's Support Specialist, annual on-site monitoring visits are conducted to determine compliance with the terms set forth in the contractual agreement and performance goals for 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.

### **G. Monitoring Reports**

Written monitoring reports are submitted to each subrecipient detailing the review of the contractual agreement contained in DHHS Open Window 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.

**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
Senior Games	SF-62 Senior Games
State Adult Home Specialist Fund	SF-133 State Adult Home Specialist Fund

**C. Subrecipients**

- 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.

**D. Monitoring Process**

Each program listed in this section of the DAAS Plan for Monitoring Subrecipients receives no formal monitoring, rather, a review of fiscal data is conducted including

submission of any required performance reports to the Division or NC General Assembly.

#### **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. Emergency Solutions Grant**

#### **A. Purpose**

The purpose of the ESG Program is to:

- Provide assistance to rapidly re-house persons who are currently homeless
- Assist in meeting the costs of operating emergency shelters
- Restrict the increase of homelessness through the provision of preventive programs and activities

The North Carolina Department of Health and Human Services (DHHS) will administer North Carolina's non-entitlement ESG fund. This application corresponds to federal fiscal year 2020 funds.

The ESG program is intended to assist people in preventing or ending their homelessness by supporting two primary functions: Emergency Response Activities, including emergency shelter operations and services as well as street outreach, and Housing Stability Activities including homelessness prevention and rapid re-housing.

#### **B. Programs/Funds**

The Department of Housing and Urban Development (HUD) Year 2019 allocation for the NC ESG Program is \$5,342,722

#### **C. Subrecipients**

Subrecipients of 2020-21 NC ESG funds include local units of government and non-profits located throughout the state. Subrecipient names and amounts awards are available upon request.

#### **D. Monitoring Staff**

There are three staff that monitor the ESG Program.

### **E. Monitoring Process**

The NC ESG office will monitor a minimum of 20% of the total ESG Subrecipients every year on site. New subrecipients will be monitored within the first year of their grant agreement. On-site monitoring visits are made to selected subrecipients by ESG program staff to verify program compliance, to review financial records, and to review administrative structures and practices. Results of on-site monitoring visits are shared with the subrecipient organizations that have been monitored. Back-up documentation that is submitted with monthly reimbursement requests is also reviewed on a regular basis throughout the program year.

Subrecipients are expected to make all participant level, financial, and program records available for periodic review by the ESG Office. Significant deficiencies in file content or quality will result in required Plans of Corrective Action, with possible loss of allocated funds upon discovery of continuing deficiencies.

Program compliance, HMIS / Comparable database usage, and data integrity will also be subject to regular and random monitoring by NC ESG staff. Monitoring of subrecipients may be conducted by the NC ESG Office, local HUD Office of Community Planning and Development, HUD's Office of Special Needs Assistance Programs, HUD's Office of Inspector General, HUD's Office of Fair Housing and Equal Opportunity, or other federal / state agencies to determine whether the subrecipient complied with the requirements of the ESG program. NC ESG staff will monitor Subrecipients by conducting on-site compliance reviews and desk audits to track a Subrecipient's program compliance, ensure accurate spending of ESG funds, prevent fraud and abuse, and identify technical assistance needs.

### **F. Monitoring Tools**

DAAS provides prescriptive monitoring instruments for all services. These programmatic instruments can be found on the DAAS web site at <https://www.ncdhhs.gov/assistance/low-income-services/emergency-solutions-grant-program-information-for-grantees> and also in the appendices of this document. These tools must be utilized by the Division for monitoring the ESG.

### **G. Reporting**

NC ESG Office will regularly monitor the Subrecipient's HMIS/comparable database usage to verify consistent data entry for applicable program components. The NC ESG Office reserves the right to request additional reports as necessary to support the ESG program. At a minimum, all Subrecipients are required to:

- Provide aggregate data (CAPER) to the ESG Office for reporting purposes.
- Participate in the annual Statewide Point-in-Time (PIT) / Housing Inventory (HIC) count.
- Submit an NC ESG Quarterly Performance Report (QPR)

The Division is also required to report on an annual basis to HUD using the Integrated Disbursement and Information System (IDIS) and the Consolidated Annual Performance and Evaluation Report (CAPER) System.

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).

#### **H. Maintenance of Monitoring Documentation**

All documentation related to the monitoring of ESG will be maintained on file at the Division of Aging and Adult Services, 918 Tate Drive, Raleigh, NC. Files will contain the following information:

- Signed Grant Agreement
- Compliance Monitoring Tools
- Monitoring Reports

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

### **IX. 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. SA Services/Funds 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. Special Assistance-In-Home (SAIH). Counties must maintain a certain number of SAIH active slots.

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 Compliance Supplement is based on the state authorization in the Code of Federal Regulations, Title 20, Volume 2, Part 416:2001-2099 DHHS approved Medicaid State Plan, General Statutes 108A-25; § 108A-40 to 108A-47.1 and 10 A NCAC 71P.

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

1. [State/County Special Assistance Manual \(SA in facilities\)](#),
2. [State/County Special Assistance In-Home Program Manual \(SAIH\)](#)
3. [Integrated Eligibility Manual \(IEM\)](#)

### **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 SA Program. The 100 county DSS are the subrecipients requiring monitoring.

### **D. Monitoring Staff**

SA Program Representatives (SAPR), who are employees of DAAS, conduct the monitoring for the SA Program for client eligibility. The APRs monitor SAIH for compliance with SAIH case management functions.

### **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. Complaints received by the Department (DHHS);
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 Client Services Data Warehouse (CSDW), North Carolina Families Accessing Services Through Technology system (NC FAST) or North Carolina Exporter (NCXPTR).

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

After assessment and evaluation of the above risk factors, all 100 county DSS 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 DSS 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 SA monitoring tool ([Appendix 7](#)) is used to monitor both service areas of the SA Program: SA facility cases and SA In-Home (SAIH) 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 monitoring tool will be attached to the Appointment Confirmation letter sent to the county DSS.

**H. Monitoring Schedule**

The SA Program Administrator determines 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 DSS are divided into three levels based on county population. 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 county DSS subrecipients are included with this monitoring plan. County levels are reviewed annually by State DSS for changes in levels. The county levels for the 100 subrecipients are included with this monitoring plan. See [Appendix 1](#) for list of county levels.

A random sample of cases is selected from the DHHS eligibility system from two months 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
20	25	30

The SAIH sample size is determined by the number of SAIH allocated slots recorded in the DHHS-eligibility system. For counties with fewer than 30 allocated slots, the SAIH sample size is two. For counties with 31- 60 allocated slots, the SAIH sample size is four and for counties with more than 61 allocated slots, the SAIH sample size is six. These cases are included in the total number of cases in the sample size.

For example, the sample size for a level one county with 20 allocated SAIH slots will be 18 SA facility cases and two SAIH cases for a total of 20 sample cases.

**J. Monitoring Process**

1. Designated DAAS staff obtains the appropriate sample size of cases 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.

2. The monitoring occurs as either:
  - a. Onsite at the county DSS. If monitored onsite, county will need to provide the complete record to the designated DAAS staff. The DSS should also be prepared to provide the designated DAAS staff access to the county's document management system used in SA eligibility determination and/or case record storage.

Or

  - b. In the DAAS office. The county DSS subject to monitoring will provide required records and/or digital documentation through a secure process to the assigned DAAS staff. Records are reviewed in the DAAS office.
3. DAAS staff will also review information available in the DHHS eligibility system, North Carolina Families Accessing Services through Technology (NC FAST) for accuracy. The county DSS is responsible for ensuring the case records are in NC FAST.
4. Information obtained from these sources will be used to complete the standardized monitoring tool for the SA Program.
5. At the conclusion of the monitoring, the DAAS staff will conduct an exit conference with the DSS staff. It is suggested that the supervisory staff including the Director, participate. See [Appendix 3](#) the Exit Conference template.
6. Within 30 days of the completion of the exit conference, the monitoring 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 payment cases equals or exceeds 30%.

See [Appendix 5](#) SA Corrective Action Plan template.

Note: The Special Assistance Second Party Review forms are resources recommended to improve accuracy. <https://policies.ncdhhs.gov/divisional/aging-and-adult/special-assistance/forms> There is a separate Second Party Review form for SA applications (DAAS 20201) and recertifications (DAAS 20202). These will be included for use with all required corrective action plans as needed.

7. The DAAS staff will 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 DAAS staff.
8. Monitoring outcomes will be entered into the DHHS Open Window or other DHHS database as required.
9. 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/Overpayments and Underpayments**

The county is responsible for paying underpayments to recipients when underpayments were identified as resulting from 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.

All county responsible overpayments will be determined by reviewing the date of discovery that resulted in ineligibility for SA. The overpayment will be charged back to the county based on, the later of, the date of discovery or the most recent certification period which resulted in the overpayment. If the date of discovery is the first ineligibility determination, the overpayment will be charged to the county no longer than 12 months prior to the date the overpayment is discovered. Discovery constitutes discovery by report to the county DSS, being known to the DSS agency, and/or a State review of the case file. Chargebacks will be required when the error affects case eligibility or incorrect payment has been issued.

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.

Reimbursing Underpayments: Do not authorize assistance or adjust payments for more than 12 months prior to the month the underpayment is discovered. Discovery constitutes discovery by report to the DSS, being known to the DSS agency, and/or a State review of the case file. The reimbursement of the underpayment will be required when the error affects case eligibility or incorrect payment has been issued.

#### **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 at the Division of Aging and Adult Services, 693 Palmer Drive, Raleigh, NC. Records will be maintained according to North Carolina's records retention policy.

#### **M. Special Circumstances**

Exceptions to the monitoring process can occur when there is a state of emergency, such as a pandemic, natural disaster or other emergencies, at the discretion of the Division. These exceptions may involve temporary changes to staffing, travel restrictions, budgetary restraints or other provisional deviations from normal monitoring requirements.

During these circumstances, monitoring may occur through alternate means such as desk reviews, virtual conferences or a combination of methods to accommodate conditions. The funded agencies subject to monitoring will provide required records and/or digital documentation through a secure process.

With monitoring conducted under special circumstances, sample sizes may have to be adjusted.

The timeframe for monitoring during special circumstances also may be affected. The beginning or end dates within a monitoring timeframe may be extended to accommodate emergency conditions.

**Appendices-** Each of the following appendices contains a link to the full version of materials referenced in the Adult Services sections of this plan. Appendix 1 is included for your quick reference, and all other appendices are electronic.

1. [Adult Services Monitoring Plan- County DSS Levels](#)
2. [SA Risk Evaluation Matrix- County Subrecipient](#)
3. [DAAS Program Compliance Monitoring Exit Conference Tool](#)
4. [SA Compliance Supplement Criteria Requirements](#)
5. [SA Corrective Action Plan](#)
6. [Adult Services Monitoring Tools](#)
7. [SA Monitoring Tool](#)

**APPENDIX 1-Adult Services Monitoring Plan- County DSS Levels**

<b>ADULT SERVICES MONITORING</b>
<b>COUNTY DSS LEVELS</b>

<b>Level I Counties (85)</b>
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Alamance	Columbus	Lee	Rockingham
Alexander	Currituck	Lenoir	Rowan
Alleghany	Dare	Lincoln	Rutherford
Anson	Davie	Macon	Sampson
Ashe	Duplin	Madison	Scotland
Avery	Edgecombe	Martin	Stanly
Beaufort	Franklin	McDowell	Stokes
Bertie	Gaston	Mitchell	Surry
Bladen	Gates	Montgomery	Swain
Brunswick	Graham	Moore	Transylvania
Burke	Granville	Nash	Tyrrell
Cabarrus	Greene	Northampton	Vance
Caldwell	Halifax	Onslow	Warren
Camden	Harnett	Pamlico	Washington
Carteret	Haywood	Pasquotank	Watauga
Caswell	Henderson	Pender	Wilkes
Catawba	Hertford	Perquimans	Wilson
Chatham	Hoke	Person	Yadkin
Cherokee	Hyde	Pitt	Yancey
Chowan	Iredell	Polk	Rockingham
Clay	Jackson	Richmond	
Cleveland	Jones	Robeson	

<b>Level II Counties (10)</b>
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Buncombe	Davidson	Orange	Wayne
Craven	Johnston	Randolph	
Cumberland	New Hanover	Union	

<b>Level III Counties (5)</b>
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Durham	Guilford	Wake	
Forsyth	Mecklenburg		