

93.667-4

**SOCIAL SERVICES BLOCK GRANT**

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**State Project/Program: STATE ADULT DAY CARE FUND**

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

**Federal Authorization:** Social Security Act, Title XX, as amended; Omnibus Budget Reconciliation Act of 1981, as amended, Public Law 97-35; Jobs Training Bill, Public Law 98-8; Public Law 98-473; Medicaid and Medicare Patient and Program Act of 1987; Omnibus Budget Reconciliation Act of 1987, Public Law 100-203; Family Support Act of 1988, Public Law 100- 485; Omnibus Budget Reconciliation Act of 1993, Public Law 103-66; 42 U.S.C. 1397 et seq.

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

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**Address Confirmation Letters To:**

SFY 2021 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following web address:

<https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>  
At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2020-2021)”. 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 \(State Fiscal Years 2019-2021\)](#)”.

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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.

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The Division of Aging and Adult Services issues funding authorizations to local county Departments of Social Services (DSS) annually. DAAS revises allocations mid-year according to spending patterns in the local DSS's. Auditors should review the allocations on file at the DSS to determine actual funding.

This compliance supplement must be used in conjunction with the OMB 2021 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 aim of Social Services Block Grant funds is to enable each State to furnish social services best suited to the needs of the individuals residing in the State. Federal block grant funds may be used to provide services directed toward one of the following five goals specified in the law:

(1) to prevent, reduce, or eliminate dependency; (2) to achieve or maintain self-sufficiency; (3) to prevent neglect, abuse, or exploitation of children and adults; (4) to prevent or reduce inappropriate institutional care; and (5) to secure admission or referral for institutional care when other forms of care are not appropriate.

The objective of the SSBG funds used in the State Adult Day Care Fund is to provide a source of funding for Adult Day Care Services, which enables the elderly and disabled to remain living in or return to their own homes.

### **II. PROGRAM PROCEDURES**

The federal agency for the State Adult Day Care Fund is the Administration for Children and Families, Department of Health and Human Services (Title XX, Social Security Act, and Social Services Block Grant.) In accordance with its authority under NCGS 143-B-153, in 1981, the Social Services Commission established rules governing the provision of Day Care Services for Adults under the State Adult Day Care Fund. The rules specify that Day Care Services for Adults will be provided in accordance with the same standards, policies and procedures as are applicable for federal funding of this service. In June 1985, the North Carolina General Assembly ratified an act to require the certification of adult day care programs. Adult day services can be adult day care centers or day health care centers, combination day care/day health programs, adult day care homes or adult day health homes. They are certified annually by the Division of Aging and Adult Services (DAAS). Certified programs must operate for a minimum of six hours a day, at least five days a week and they must be in compliance with all standards for certification. Each program is monitored monthly by an adult day care coordinator from the county department of social services and at that time a minimum of one aspect of program, staff or service compliance is examined. If the program has an adult day health component, the program is monitored by the Adult Day Health Specialist from the local Health Department on a quarterly basis. At the time of annual certification, the county department of social services and the county health department, if applicable, forward the required documentation to DAAS and recommends the program for continued certification after re-examination of the program operation.

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Within the long-term care continuum adult day care or adult day health care offers a unique combination. It is a means for an impaired adult to get out of his house during the day into a safe and supervised environment, an opportunity for group involvement and socialization as well as individually planned services, activities directed toward stabilization or improvement of self-care, and the advantage of returning home to family or a familiar setting at the end of the day. Adult day care programs provide a range of activity programs and services designed to meet the needs of participants and their caregivers. Included are food services to provide a nutritional meal and snacks as appropriate to the program. Transportation to and from the service facility is an optional service that may be provided by adult day care programs. Adult day health programs have a nurse on staff to provide participants with additional health and personal care services. Allocations are made to county departments of social services based on requests made by the counties, past expenditure patterns and dependent on the total amount of funds available for statewide allocation. The funds can be used to purchase daily care and transportation for eligible clients from certified adult day care or adult day health programs.

### **III. COMPLIANCE REQUIREMENTS**

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2021 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 2021 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 direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

### **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.**

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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

**A. ACTIVITIES ALLOWED OR UNALLOWED**

Funds can be used only for purchasing adult day care from a certified adult day care or day health center or home. The service has two components that may be purchased: daily care and transportation. Daily care includes a variety of program activities, referral to and assistance in using other community resources, food and food services to provide a nutritional meal and snacks, and medical examinations required for individual participants for admission to day care (if the examination is not otherwise available without cost).

“Vendor Agreements” are no longer allowed by the Division of Social Services (DSS). Effective for the State Fiscal Year 2007, DSS in coordination with DAAS, developed new contract procedures that replace the Family Services Manual, Chapter IV Volume VI. Adult Day Care may be provided directly by the county department of social services, or through a purchase of services contract. The county department may choose to use one or more of these methods concurrently if more than one program is operating in the county. Services can be purchased for eligible clients only.

Any organization that receives Federal or State financial assistance from a State agency is called a “subrecipient”. Counties, as subrecipients of the state, must develop monitoring procedures to ensure that funds are appropriately spent by any subrecipients with whom they may contract to provide services. Any service purchased by a County DSS must have a contract unless a purchased service is covered in a specific program which does not require use of this specific contract and has Federal and/or State funding.

**B. ALLOWABLE COSTS/COST PRINCIPLES**

The Social Services Commission, under its authority to set maximum payment rate for services, has set the maximum rate for the purchase of adult day care services. As of March 1, 2007 (10A NCAC .06T. 0201) the daily rate for adult day care is \$33.07 per day. In addition, \$1.50 per one-way trip is allowed for transportation. The daily rate

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for the purchase of adult day health services is \$40 per day for daily care. The county may negotiate a rate that is more or less than the Maximum Payment Rate.

If the rate is more than the maximum, no federal or State financial participation will be available for the amount above the maximum payment rate.

Payment to the program for a client is based on the enrollment plan, and payment begins on the date specified on the DSS-5027 form and continues until terminated. Enrollment in the day care program is different from attendance at the program. The negotiated rate is paid to the program according to the enrollment plan for each client. A client may be enrolled for a full or partial month, for full-time or part-time. Because of the frailty of the population served, absences may be common. The contract should include a requirement that the program notify the county department of social services when an enrollee has been absent from the program for 10 consecutive scheduled days.

\*\*For the purpose of reimbursement of funds administered through the Division of Social Services, assessment with the individual and/or his family of the appropriateness of and need for initial care is reported as Case Management In-Home Services or Intake.

### Suggested Audit Procedure

- Review reimbursement received by the county DSS to assure that no more than the maximum rate was received and that no duplication of billing exists for the same client when reimbursement for multiple months is requested on the DSS 1571, Part IV.

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**

The Social Service Block Grant State Adult Day Care fund is provided on a reimbursement basis, there is no local requirement and therefore no additional testing is required.

### **E. ELIGIBILITY**

Eligible clients are adults who because of age, disability or handicap need the service to enable them to remain in their own home. Priority is given to adults who require complete, full-time daytime supervision in order to live in their own home or prevent impending placement in substitute care, and adults who need the service as a part of a protective services plan. Other eligible clients include: adults who need help with activities of daily living; adults who need intervention in the form of enrichment or socialization in order to prevent deterioration; individuals who need time-limited support in making the transition from independent living to group care or the transition from group care to independent living. (NC Division of Aging and Adult Services Adult Day Care and Adult Day Health Procedures Manual, 10A NCAC 06P .0201) Eligibility for adult day care services is not financially means-tested.

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

These funds require a 12.5% match in local funds. Local match can be in the form of cash or in-kind.

Level of Effort and Earmarking are not applicable.

**H. PERIOD OF PERFORMANCE**

Federal funds are available on an annual basis, with the level of funding being dependent on federal and state appropriations.

**I. PROCUREMENT AND SUSPENSION AND DEBARMENT**

State Adult Day Care Funds are allocated to each county government to provide Adult Day Care services through local Department of Social Services.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at <https://ncadmin.nc.gov/government-agencies/procurement/procurement-rules>.

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

Suspension and Debarment

Not applicable at the local level.

**J. PROGRAM INCOME**

Adult day services are subject to regulations adopted by the Social Services Commission regarding consumer contributions. All individuals eligible to receive services must be informed of the requirement that all clients be requested to share in the cost of services rendered, based upon their ability to pay. Clients must be informed of the cost of providing service and agencies must give each client a copy of their consumer contribution schedule, based upon their household income. Individuals who receive the service as a part of a Protective Services Plan will be excluded from cost sharing requirement up to a maximum of 12 months. Supplemental Security Income (SSI) applicants will be excluded also from the cost sharing requirement. Services will not be terminated for client failure to share in the cost of services rendered.

The recommended consumer contribution schedule begins at 150% of the federal poverty level and the recommended full pay amount is established at 255% of the federal poverty level (Consumer Contributions Policy and Procedures Manual, effective September 1, 2005). Agencies must complete a consumer contribution form for all clients receiving services subject to consumer contribution-sharing. A copy of the signed consumer contribution form shall be kept in the client's file. Agencies must document that reasonable efforts have been made to collect consumer contribution revenue at least quarterly from those clients who have agreed to share in the cost of services. The responsibility for collecting and accounting for consumer contribution revenue is the responsibility of the county department of social services or another agency or individual under a purchase of service contract. Gross service expenditures will be reported by agency/provider along with the amount of the consumer contribution revenue collected. Consumer Contribution revenue will be deducted from the gross expenditures reported in order to arrive at the net amount to be reimbursed.

The total payment to the service provider, including the county department of social service payment and the client cost sharing, may not exceed the Maximum Daily Rate for Daily Care and Transportation (NC Division of Aging and Adult Services Adult Day Care and Adult Day Health Procedures Manual, 10A NCAC 06T .0201).

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

### **L. REPORTING**

Expenditures are reported on the Form DSS-1571 in order to receive reimbursement.

### **M. SUBRECIPIENT MONITORING**

County departments of social services are required to monitor certified adult day services each month and complete a DAAS-6214 monitoring report form, sending one copy to the Division of Aging and Adult Services and leaving one copy with the provider. If the center or home is an Adult Day Health or a combination program, the Adult Day Health Specialist will submit a quarterly monitoring report to DAAS. They are required also to review the total program operation annually and submit required forms and staff qualifications to the Division prior to the certification renewal date indicated on the certificate. If the center is an adult day health or combination center, the department of social services and county health department work together to submit the renewal material to DAAS.

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

#### Suggested Audit Procedures

State Adult Day Care funds are provided to County DSS through authorization from DAAS. The county authorization can be found at <https://www.ncdhhs.gov/divisions/daas> Local Departments of Social Service report reimbursement to the Department of Health and Human Services Controller's Office through the County Administration System. The NC State Auditor monitors the distribution and reimbursement of these funds and therefore, no additional testing is required.