



February 20, 2014

Subcontract Monitoring Training



Objectives

- ❑ Understand subcontractor monitoring requirements
- ❑ Difference between subcontractor and purchase of service (aka fee for service)
- ❑ Understand the components of the subcontractor performance evaluation form

Why Monitor?

The purpose of monitoring is to review:

- state and federal programs
- applicable laws and regulations
- expected results and outcomes
- internal controls
- accounting system and financial management

Monitoring Website Orientation

□ <http://www.ncdhhs.gov/aging/monitor/monitor.htm>

The screenshot shows a Windows Internet Explorer browser window displaying the website for the North Carolina Division of Aging and Adult Services. The browser's address bar shows the URL <http://www.ncdhhs.gov/aging/monitor/monitor.htm>. The page title is "NC DAAS: Monitoring". The website content includes a navigation menu on the left, a main heading "Monitoring", a paragraph explaining the purpose of monitoring, a list of resources on the right, and a footer with the date "Last updated November 18, 2013".

NC DAAS: Monitoring - Windows Internet Explorer
http://www.ncdhhs.gov/aging/monitor/monitor.htm
how do you make a screen shot?

File Edit View Favorites Tools Help

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NC DAAS: Monitoring x How to take a screenshot

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Division Information
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Topic Index
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Hot Topics
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E-mail Webmaster
Disclaimer

Staff Contact

Aging Resource Management System (ARMS)

Administrative Letters

Search DHHS:

North Carolina Division of Aging and Adult Services

Monitoring

This page is dedicated to the mandated responsibility of monitoring and the assessment of aging services and programs funding through the Older Americans Act and State Allocations. "Monitoring" can be viewed as not only the periodic in-depth review of programs, but also the day to day oversight and guidance of programs. Through a strong monitoring process, the Division strives for continual growth of quality programs and services serving older adult and adults with disabilities and their caregivers.

Resources found on this page provide the guidance and the requirements for the provision of services. In addition, monitoring criteria, requirements and instructions are downloadable for use in the field in an effort to keep the aging network abreast of the most current information.

Last updated November 18, 2013

[Alerts](#)
[New Audit Requirements](#)
[Best Practices](#)
[Frequently Asked Questions](#)
[Policies and Procedures](#)
[Terms / Definitions](#)
[Tools](#)
[HCCBG County Budget Forms](#)
[Direct Service Waiver](#)

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Subcontract Monitoring

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Section 308.2.F

A subcontractor is defined as an entity that has been contracted to perform a job within the scope of the service provider's grant award. The subcontractor is accountable for the same requirements as the service provider, depending on the terms of the subcontract.

This applies to all HCCBG, Health Promotion/Disease Prevention and Family Caregiver Support Program.

Subcontractor

- A subcontractor is defined as an entity that has been contracted to do a job within the scope of the service provider's grant award.
 1. Eligibility Determination
 2. Consumer Contributions
 3. Scope of work
 4. Must meet program objectives.
 5. Adheres to state and federal compliance requirements
 6. Is monitored by the Service Provider or AAA.

Purchase of Service

- Provides goods and services to all buyers.
- Provides goods and services as a business.
- Operates competitively.
- Not responsible for Service Standards
- Acts as a service to the state or federal program.
- Is not responsible for state and federal compliance requirements.

Further Guidance

□ Examples – Knowing the Difference

Unique Exceptions to the Rule:

- County Government –
 - Contracts across departments
- Congregate and Home Delivered Meals
 - Best Practice: Caterer Monitoring Tool
- In-Home Aide –
 - Administrative Letter 09-19
 - Aide supervision is document
 - Aides have the required competency

Subcontracting Requirements

Annually, as part of the annual contracting process with counties, each provider will

1. Verify the subcontractor is not “suspended or debarred” from receiving funds by the state of NC.
2. Verify that the subcontractor does not owe unpaid federal or state taxes.
3. Develop and sign a written contract outlining scope of work to be performed, deliverables, appropriate references to Service Standards and the responsibilities of each party.
4. Submit (form) Exhibit 14A, listing all subcontractors, prior to beginning the fiscal year or beginning a new contract, and obtain AAA written approval to use the subcontractor.

Subcontract Review

- *“The HCCBG Contractor shall not subcontract any of the work contemplated under this grant agreement without prior written approval from the Area Agency on Aging. Any approved subcontract shall be subject to all conditions of this grant agreement and HCCBG service standards. The HCCBG Provider shall be responsible for the performance of all of its subcontractors. Subcontract(s) must include at a minimum 1) the full scope of work, 2) deliverables, and 3) appropriate references to service standard requirements.”*

Subcontract Reviews

- 1) the full scope of work
 - Who is responsible for what?
 - Billing, reimbursement and agreed upon time frames
- 2) deliverables
 - What is provided?
 - number of meals, number of clients?
- 3) appropriate references to service standard requirements.
 - Specific references to DAAS requirements

Subcontract Checklist

- Important reminders:
 - Read with a critical eye for clarity
 - Dates (beginning and ending)
 - Termination clause
 - Maximum funding levels
 - Clear line item budget or unit rate
 - Consumer contributions
 - Reporting requirements
 - Conflict of Interest statement
 - Any required licensures or certifications
 - Written approval of the subcontract NOT the subcontractor

What Do I Do?

To verify a Subcontractor ...

- ❑ “is not suspended or debarred” by NC-Review the Suspension of Funding List (SOFL) at www.osbm.state.nc.us
- ❑ “does not owe NC tax” –Review Excluded Parties List System at www.SAM.gov
- ❑ “does not owe federal tax/U.S. tax” – Review the list at www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check
- ❑ Instructions

Monitoring Requirements by Providers

Annually

Between January 1 and May 1, the provider completes the appropriate “**Subcontractor Performance Evaluation**” form, one for each subcontractor, by service, and submits to the AAA.

- ❑ Documents annual reviews of subcontracts.
- ❑ Contributes to the overall risk of a provider.
- ❑ Prevents a suspended or debarred subcontractor from receiving federal/state funds.

Subcontractor Performance Evaluation

Use Subcontractor Performance Evaluation Forms for:

- Adult Day Care
- Adult Day Health Care
- Congregate Nutrition
- Home Delivered
- Housing and Home Improvement
- In-Home Aide
- Transportation

All other services use the General Subcontractor Performance Evaluation Form

Forms are online at <http://www.ncdhhs.gov/aging/monitor/mtools.htm>

Subcontractor Performance Evaluation for Nutrition Subcontractors

- ❑ Attached is a sample of Congregate Monitoring to utilize as a Best Practice.
- ❑ Nutrition providers have always monitored subcontractors annually.
- ❑ If multiple providers use the same caterer then only one has to complete the subcontractor monitoring.

Then What Happens?

- ❑ The AAA will review the Performance Evaluation Form for each subcontractor and determine a level of risk for this contract.
- ❑ The risk level of provider subcontractors will be a factor in determining a provider's overall risk level and will be used in deciding the frequency of service monitoring visits in the future.
- ❑ Subcontractor compliance monitoring will follow the schedule outlined on Exhibit 14 of the AAA Area Plan.

Subcontractor Monitoring Options

- **Option 1** – Completed by the AAA as part of the scheduled provider monitoring.
- **Option 2** – the AAA and the provider complete the monitoring together.
- ⊗ **Option 3** – the provider completes the compliance monitoring and submits to the AAA.

Technical Assistance -vs- Non-Compliance

- One goal of monitoring is to identify problems before they result in audit findings or turn into bigger problems. This aspect can be considered to be a type of technical assistance to the subrecipient.

Technical Assistance

- ❑ Value of triage through technical assistance.
- ❑ Communicate technical assistance appropriately.
- ❑ Should not require a written response.
- ❑ Provide constructive assistance to improve a situation which may become non-compliance over time.
- ❑ Often addresses internal control issues.
- ❑ Alerts management of weaknesses which minor attention will resolve (*i.e. documentation procedures*)

Close-Out Letter

- ❑ Often, forgotten piece of the puzzle.
- ❑ Letter or email that formally accepts the subrecipient's corrective action plan.
- ❑ Format should ensure that the assessment is now closed.

Subcontracts Review and Monitoring TimeLine

- ❑ **May 1** – Subcontractor Performance Evaluation submitted to the AAA
- ❑ **June 30** – Subcontracts, Exhibit 14A and funding plans signed and submitted to the AAA
- ❑ **July** - Risk assessment completed & AAA updates Exhibit 14
- ❑ **September** – Notify providers of monitoring visits
- ❑ **October 1** – Monitoring season begins including working with providers on subcontractor monitoring
- ❑ **April 30** – all monitoring by AAA completed
- ❑ **June 30** – all monitoring follow-up must be completed

Questions?

