



North Carolina Department of Health and Human Services  
Division of Aging and Adult Services

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Administrative Letter No. DAAS 13-15

To: Area Agencies on Aging Administrators  
County Departments of Social Services Directors  
Aging Service Providers

From: Dennis W. Streets, Division Director *Dennis W. Streets*

Subject: Subcontractor Monitoring

Date: August 22, 2013

The purpose of this Administrative Letter is to establish policies and procedures for creating, evaluating and monitoring subcontracts between Community Service Providers and other entities for the provision of Home and Community Care Block Grant (HCCBG) and other funds administered by Area Agencies on Aging. The effective date of this policy is July 1, 2013. This revised policy and the corresponding forms and templates were developed by a subcontract workgroup of Area Agency on Aging monitoring staff and staff members of the Division of Aging and Adult Services (DAAS). This extensive work is to improve subcontracts for aging services throughout the state. Ultimately, Community Service Providers are responsible for the services delivered through subcontractors. Our goal is to assure accountability of subcontractors, including compliance with the terms of the subcontracts, and to promote quality services for older adults and their families.

Section 308, Monitoring of Community Service Providers, of the Area Agency on Aging (AAA) Policies and Procedures Manual (attached) has been significantly updated. Highlights of these changes include:

1. Uniform language throughout the policy.
2. Introduction of Area Plan Exhibit 14A (attached), Listing of Subcontractors (Section 308.2 A)
3. Updated Unit Verifications policy section to include the disallowance of units (Section 308.2 B)
4. Revised Fiscal Reviews (Section 308.2 C)
5. Updated Risk-Based Monitoring (Section 308.2 D)
6. Introduction of Subcontractor Monitoring Policy including the requirement for Community Service Providers to complete an annual "Subcontractor Performance Evaluation" (attached) to be submitted to the AAA. There are three (3) methods for AAAs to complete subcontractor monitoring based on the risk-assessment of Community Service Providers and the Performance Evaluation of their subcontractors. (Section 308.2 G)
7. Addition of the requirement for AAAs to notify providers of the method by which subcontractors will be monitored (Section 308.3 Scheduling Monitoring), and
8. Addition of including i) subcontractor monitoring results in monitoring reports. (Section 308.4 Monitoring Reports).

A Subcontract Template (attached) is also provided as guidance for Community Service Providers to aid in the development of future subcontracts. This template is meant to help those agencies who need general parameters for developing a subcontract. This template should not replace subcontracts developed by professionals such as legal counsel or contracts managers.

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Since the state fiscal year has already begun, implementation of this policy will be gradually integrated throughout the year. Area Agencies on Aging are to educate their Community Service Providers on this policy beginning with Section 308.2 Subcontractor Monitoring. Starting in January 2014, but no later than June 1, 2014, providers must complete an annual "Subcontractor Performance Evaluation" and submit it to the AAA for review.

In the spring of 2014, as part of the annual contracting process with counties, Community Service Providers will complete and submit the AAA Area Plan Exhibit 14A, which will be a companion piece to Exhibit 14 Area Agency on Aging Monitoring Plan and Risk Assessment.

The DAAS 735 Home and Community Care Block Grant for Older Adults Agreement for the Provision of County-Based Aging Services will be updated for state fiscal year 2014-15 to include the following statement regarding subcontracts:

*"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."*

Therefore, as part of the annual contracting process, providers will submit copies of any subcontracts related to HCCBG services to the Area Agency on Aging for review and approval. All other funding arrangements through the Area Agency on Aging, such as Family Caregiver Support funding, should follow suit. Ensuring subcontracts include the items listed above helps assure that subcontractors are fully accountable and provide services as prescribed in the Home and Community Care Block Grant standards and policies governing other aging services.

All documents related to subcontracts and subcontractor monitoring can be found on the Division's website at <http://www.ncdhhs.gov/aging/monitor/mpolicy.htm>