



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

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CARLA WEST • Acting Director, Division of Aging

DIVISION OF AGING ADMINISTRATIVE LETTER NO. 25-08

TO: Area Agency on Aging Directors

FROM: Carla West, Acting Director *Carla West*

DATE: November 12, 2025

SUBJECT: State Fiscal Recovery Fund (SFRF) Program Monitoring Requirements and ARMS Reporting for Choosing Home

Overview

The purpose of this memo is to provide (1) clarification on the monitoring requirements for programs funded through the State Fiscal Recovery Fund (SFRF) and (2) updated guidance on how Choosing Home non-client expenses (service code 660 and Site/Route/Worker [S/R/W] codes 661 and 662) should be reported in ARMS. Both Choosing Home and the Providing Elders Additional Sustenance (PEAS) Project are SFRF-funded programs.

In accordance with the finalized Notification of Grant Award (NGA), annual monitoring is mandated for all programs supported by State Fiscal Recovery Funds (SFRF), regardless of assessed risk level. This requirement differs from the monitoring protocols applicable to programs funded through the Home and Community Care Block Grant (HCCBG).

The responsibility for monitoring and assessing program activities lies with the Grantee for subrecipients, or with the Division of Aging when the Grantee provides all or part of the direct services. Division of Aging staff are working closely with the North Carolina Pandemic Recovery Office (NCPRO), the Office of State Budget and Management (OSBM), and the Department of Health and Human Services (DHHS) Budget and Analysis Office to ensure compliance with NCPRO monitoring procedures for grantees, subrecipients and sub-subrecipients for all SFRF-funded initiatives.

SFRF Program Monitoring Requirements

The Division of Aging and the Area Agencies on Aging (AAAs) are required to conduct annual monitoring of all subrecipients that deliver services funded by the State Fiscal Recovery Fund (SFRF). As many of you have already initiated programmatic monitoring

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for Fiscal Year 2026 (FY26), we recommend the following actions to ensure compliance and continuity:

- A. Monitoring of services provided during fiscal year 2025 (prior to July 1, 2025) must be completed retroactively. As many of you have already begun programmatic monitoring of FY26 funds, we recommend the following:
- i. When selecting your sample month, extend the period under review to include FY25, and select a month from both FY25 and FY26.
 - ii. A separate risk assessment for each fiscal year is required.
 - FY26: Complete a risk assessment on all SFRF providers.
 - FY25: If your FY26 risk assessment showed no substantive changes in the provider's or subcontractor's organizational structure from FY25 to FY26 and previous monitoring reviews of the provider or subcontractor did not result in findings of non-compliance or a corrective action plan, use FY26 risk assessment as documentation of risk in FY25. If your FY26 risk assessment found substantive changes in the provider's or subcontractor's organizational structure from FY25 to FY26 and/or previous monitoring reviews of the provider or subcontractor resulted in findings of non-compliance or a corrective action plan, a separate risk assessment must be completed retrospectively based on the information that was available during the AAAs' FY25 annual risk assessment process.
 - FY27: Complete a risk assessment for Q1 on all SFRF providers.
 - iii. The approach for conducting FY25 monitoring of grant recipients is as follows:
 - On-site monitoring review is required for high-risk SFRF grant recipients
 - Desk/virtual reviews may be conducted for moderate- and low-risk recipients.
 - iv. If disallowed expenditures are identified, the issue(s) will be addressed as they arise. (NCPRO has advised us that repayment may not be necessary in some cases. Depending on the circumstances, disallowed expenses could be reallocated to an allowable use.)
- B. Continue to follow the Division of Aging's monitoring guidance as outlined in Sec. 308 of AAA Policies and Procedures Manual, which was in place when funds were initially distributed to subrecipients.

SFRF Federal CFR Compliance Requirements

a. Activities Allowed or Unallowed

b. Allowable Cost/Cost Principles
g. Matching, Level of Effort, Earmarking
h. Period of Performance
i. Procurement and Suspension and Debarment
l. Reporting
m. Subrecipient Monitoring
o. Conflict of Interest

- C. NCPRO requires that the Division of Aging and AAAs with subrecipients conduct brief, risk-based quarterly check-ins (calls) with each subrecipient to address progress toward their project goals, expenditures charged to the grant, funding utilization rate, update on monitoring plans, budgets, and future forecast needs. These calls will also provide opportunities to address any questions and concerns subrecipients may have and to provide technical assistance as needed. All subrecipients regardless of risk will participate in the group calls. High-risk subrecipients will be required to have an individual call in addition to the quarterly group calls.
- D. Monitoring Documentation: Grantees must maintain documentation demonstrating adherence to SFRF monitoring policies and procedures for each year in which funds are received. The chart below outlines the monitoring documentation that must be maintained. All documentation related to SFRF program activities, expenditures, monitoring, and corrective action, if applicable, must be maintained for a minimum of five (5) years.

Documenting Choosing Home Monitoring	Documenting PEAS Project Monitoring
<ul style="list-style-type: none"> • Risk Assessment of Subrecipient • Documentation of quarterly check-in calls with all subrecipients (if applicable) • Choosing Home Monitoring Tool FY26 and the Choosing Home Client Financial and Service Activity Worksheet (CFSAW) (sent by Louise Noble on 9/2/25) • The CFSAW standardizes recordkeeping, simplifies the monitoring process, and enables the AAA monitor to more easily detect large or unusual discrepancies in costs for similar supplies or services within a service area. The 9/2/25 email stated that the CFSAW would 	<ul style="list-style-type: none"> • Risk Assessment of Subrecipient • Documentation of quarterly check-in calls with all subrecipients (if applicable) • FY26 Nutrition Monitoring Tool (details in Admin Letter 24-11 Change

<p>be required from 9/2/25 until 9/30/26. After input from AAA staff and further consideration, the CFSAW is recommended but is no longer required.</p> <ul style="list-style-type: none"> • Monitoring report to subrecipient • Closeout letter when findings of non-compliance or corrective actions/corrective action plans are resolved, as applicable 	<p>Notice 02)</p> <ul style="list-style-type: none"> • Monitoring report to subrecipient • In the case of findings or corrective actions, closeout letter
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ARMS Reporting for Choosing Home

Admin Letter 24-01 Change Notice 02 states “The following Site-Route-Worker (S/R/W) codes [661 and 662] will be used to report types of SFRF HHI assistance provided by client.”

- AAAs and providers **are not required** to link their non-client staffing and mileage expenses to individual clients when reporting them in ARMS for reimbursement.
- Non-client expenses billed to S/R/W codes 661 (staff expenses) and 662 (mileage expenses) are **allowable as direct program costs** and need not be subject to the 10% administrative expense cap for service delivery activities such as driving to a client’s home to determine eligibility, reviewing housing repairs or improvement requests, coordinating logistics, etc.

As you proceed with FY26 monitoring, please apply the above guidance to ensure continuity and compliance with SFRF requirements.

If you have any questions, please contact:

Louise Noble – Choosing Home program consultant: louise.noble@dhhs.nc.gov

Julie Sundermann – PEAS program consultant: julie.l.sundermann@dhhs.nc.gov

CW/TK/RF/LN/JS/pg