

SECTION 1100:

COMPLIANCE REVIEW, MONITORING, AND ASSESSMENT

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SECTION 1100: COMPLIANCE REVIEW, MONITORING, AND ASSESSMENT

1101. Purpose of Section

This section describes the purpose, approach, and procedures for compliance review, monitoring, and assessment of Title III and Illinois General Revenue Fund-supported programs.

1102. Definitions of Compliance Review, Monitoring, and Assessment (45CFR1321.45)

- A. The Area Agency has the responsibility to ensure that all funded service providers receiving Older Americans Act and/or Illinois General Revenue Fund assistance operate effectively and in compliance with the conditions of their grant and/or contract award document. As a result, the Area Agency has a system for monitoring, conducting compliance reviews, and assessing service providers. This section describes the monitoring, compliance review, and assessment process used by the Area Agency on Aging.
- B. To provide a common reference, the following definitions are set forth:
1. Compliance Reviews are periodic on-site visits to determine the extent of a service provider's adherence with current statutes and laws, regulatory rules, policies, and procedures.
 2. Monitoring is the on-going process by which the Area Agency systematically gathers fiscal, programmatic, personnel, and other data about service(s) activities carried out under the grant and/or contract award to ensure that the service provider adheres to constraints of legislative and administrative regulations, policies, guidelines, and contractual agreements.
 3. Assessment is a periodic process by which the Area Agency analyzes all available information in order to identify the strengths and weaknesses of programs and activities carried out under the grant and/or contract award and provides timely technical assistance that will ensure accomplishment of stated objectives.
 4. Assessor is the Area Agency on Aging designated staff person(s) or representatives responsible for monitoring, assessing, and conducting compliance reviews of funded service providers.

5. Service Providers are agencies and organizations that receive funds in the form of a grant and/or contract from the Area Agency on Aging.

1103. Compliance Review, Monitoring, and Assessment Standards

- A. In carrying out its compliance review responsibilities, the Area Agency applies the following standards:
 1. The Area Agency utilizes systematic procedures and a compliance review instrument for conducting compliance reviews.
 2. The compliance review procedures and instrument provide for at least the following:
 - a. a compliance review to be conducted on each funded service provider at least once every three (3) years, or more often if deemed necessary by the Area Agency;
 - b. a methodology for informing service providers of the subject areas to be covered;
 - c. submission of a written report of compliance findings to the service provider; and,
 - d. follow-up on corrective actions needed and/or provisions of technical assistance.
- B. In carrying out its monitoring responsibilities, the Area Agency on Aging adheres to the following standards:
 1. The Area Agency utilizes an on-going system which provides for regular monitoring.
 2. The monitoring system provides for at least the following:
 - a. a review of the required fiscal, audit, program and other reports from each service provider; and,
 - b. immediate follow-up, as feasible, to correct problems or deficiencies identified through monitoring activities.
- C. Assessments will involve analysis of program and administrative activity across various service providers. It may include the collection and analysis of programmatic,

financial, personnel, and client data to determine the effectiveness and efficiency of service delivery as well as benefits derived.

- D. The Area Agency on Aging will maintain reports of all monitoring, compliance review, and assessment activities.

1104. Area Agency on Aging Monitoring

The Area Agency on Aging will monitor the program and fiscal performance of all service providers receiving Older Americans Act and/or Illinois General Revenue Fund monies. Such monitoring of service providers will not include contractors/consultants of service providers, unless conditions exist which would warrant such monitoring.

Monitoring activities will be conducted to ensure the service provider's adherence to the terms and conditions of the grant and/or contract with the Area Agency on Aging.

A. Scope of Monitoring

1. Performance Monitoring. Periodically, the Area Agency will monitor service providers to determine that they are operating effectively and according to applicable program performance standards. Areas included in program performance monitoring may include, but are not limited to, the following:
 - a) performance of the service(s) and activities specified in the approved grant and/or contract;
 - b) conformance with the Area Agency and/ or approved staffing pattern and staff qualifications;
 - c) conformance with all civil rights, equal employment opportunity, and minority contractor requirements;
 - d) conformance with the Area Agency-approved program design and service delivery operations; and,
 - e) other performance aspects, as appropriate.
2. Fiscal Monitoring. The Area Agency will monitor service providers to determine that each establishes and maintains, as appropriate, a fiscal system according to generally accepted accounting principles, that the conditions of the grant and/or contract award document are met, that the service provider maintains an adequate system of internal accounting and administrative controls, and that funds are requested, expended, and reported according to the grant and/or contract award. Specific areas of fiscal operations that may be monitored include, but are not limited to, the following:

- a) appropriateness of the fiscal system and the written policies and procedures used by the service provider;
- b) accuracy and timeliness of fiscal reporting information;
- c) service provider's understanding of fiscal requirements and capability to perform; and,
- d) appropriate use of grant and/or contract funds, as written in the grant and/or contract award and this Manual.

B. Methods of Monitoring

The Area Agency may conduct its program and fiscal performance monitoring through any of several types of activities, including the following:

- 1. Review of quarterly fiscal reports, quarterly program reports, compliance reports, audit reports, agreed-upon procedures reports, and other written communication. These reviews will be conducted by the Area Agency on Aging or their representatives, and may be verified through site visits or through other communication.
- 2. Discussion between the Area Agency's staff and the service provider's staff via telephone communications and/or written correspondence.
- 3. Examination of program and fiscal records and discussions with service provider staff during periodic or compliance review visits conducted on site.

C. Use of Program Performance and Fiscal Performance Monitoring Information and Data

- 1. Information obtained by the Area Agency through its program and fiscal performance monitoring of service providers will be used to:
 - a) ensure that each service provider performs the activities and service(s) for which the grant and/or contract award was given;
 - b) identify deficiencies in performance and establish a plan for correction;
 - c) ensure that funds are expended in accordance with the grant and/or contract award and other applicable rules and regulations;
 - d) assist the service provider in understanding Federal, State, and Area Agency fiscal procedures and requirements;

- e) determine if Area Agency technical assistance is needed; and,
 - f) establish a basis for initiating, if necessary, action against a service provider when non-compliance issues are not corrected.
2. Because monitoring is viewed as a continuous process, service providers will not be formally notified of the results of every monitoring activity conducted by the Area Agency. When the Area Agency identifies a significant problem in the service provider's program and/or fiscal performance, it will notify the service provider in writing within a four week period of the Area Agency's findings and indicate any requirements and procedures necessary to correct the problem.

1105. Area Agency on Aging On-Site Compliance Reviews

On-site compliance reviews will be performed with funded service providers at least once every three years, or more if deemed necessary by the Area Agency. During the on-site review, Area Agency staff will examine all necessary records and discuss the grant and/or contract with the service provider staff. In addition, those items reviewed through monitoring activity may be examined.

A. Scope

- 1. The Area Agency will inform the service provider at least two weeks in advance of the visit and the topics to be covered during the compliance review. Copies of the compliance instrument to be used will be provided to the service provider in advance.
- 2. Follow-up on corrective actions required will be conducted within time frames approved by the Area Agency.
- 3. On-site compliance information may be used to establish a basis for initiating sanctions against the service provider when non-compliance issues are not corrected.
- 4. A written report of findings will be sent to the service provider within a reasonable time period (within six weeks). The service provider will be given an opportunity to respond to the findings of the Area Agency.

B. Procedures for Use of Compliance Review Guides

The procedures that follow will be carried out in the on-site compliance review, and will permit the service provider to identify and involve appropriate staff to be available during the review.

1. Pre-On-Site Review Procedures
 - a) The Area Agency will develop a compliance review schedule in cooperation with the service provider and will give at least two weeks prior notification of the on-site review.
 - b) The Area Agency will make available to the service provider a copy of the compliance review instrument for review prior to the on-site review.
 - c) The Area Agency will advise the service provider of the subject areas to be covered during the compliance review, Area Agency staff designated to conduct the review, and the specific materials that should be made available during the review. The service provider will advise their appropriate staff of this information.
 - d) The Area Agency will review the fiscal and program reports, past assessments, and other pertinent materials available in the Area Agency office prior to the on-site review of the service provider.

2. On-Site Review
 - a) The Area Agency assessor(s) will meet with the service provider director and other service provider staff designated by the service provider at an initial and preliminary entrance meeting to discuss the conduct of the review, the utilization of the compliance review instrument, and to identify any area of the compliance review that may require clarification.
 - b) The Area Agency staff will hold a preliminary discussion with the service provider and other appropriate staff concerning service provider characteristics, problems and achievements, and results of previous monitoring visits or communications.
 - c) The compliance review instrument will be used by the Area Agency staff to systematically examine the components to be evaluated during the review. Though the instrument provides a framework for the on-site review, further discussion and examination beyond the compliance review instrument may be required.
 - d) The Area Agency staff will review required records and files and ensure that all required data has been collected for completion of the follow-up report to the service provider. The Area Agency staff will document existence of written materials viewed by:

- 1) requesting duplication of documents;
 - 2) re-writing in long-hand any necessary information; and,
 - 3) verifying on Area Agency internal work papers that certain documents were reviewed.
- e) 1) If service provider staff fail (see Paragraph 2 below) to cooperate in providing information necessary for the completion of the review, the lack of cooperation will be noted in the review report.
- 2) Failure to cooperate may be:
- a) the continued absence of appropriate service provider personnel vital to the completion of the review; and/or,
 - b) withholding of available documentation as requested; and/or,
 - c) an unprofessional and/or resistive conduct displayed by service provider staff.
- 3) If a service provider refuses to participate in the review, the Area Agency staff will proceed as follows:
- 1) the Area Agency staff will leave the premises; and,
 - 2) telephone his/her immediate supervisor to explain the circumstances, and await further guidance.
- 4) The Area Agency supervisor, or designee, will immediately contact the service provider director, or designee, to obtain his/her perspective of the situation. Based on this discussion, a decision will be made by the Area Agency to continue or terminate the review.
- 5) If the review is ultimately terminated, the Area Agency will send a letter to the service provider stating the cause of termination. A copy of this correspondence will be sent to the service provider's governing board.
- f) As part of an exit interview, Area Agency designated staff will discuss with the service provider direct or general observations and findings, advise of strengths and weaknesses identified, and explain corrective action required. The Area Agency designated staff will provide the

service provider with appropriate technical assistance.

- g) The service provider should advise the Area Agency of the availability of materials that were not previously available at the time of the compliance review visit. The service provider must arrange to make the materials accessible to the Area Agency office, within five working days of the compliance review visit.

3. Post-On-Site Review Procedures

- a) The Area Agency will prepare a written report within six weeks following the compliance review. The report will include a summary of the Area Agency's findings and observations. The Area Agency on Aging will offer technical assistance as needed or requested.
- b)
 - 1) Two copies of the compliance review report will be distributed as follows:
 - a) One copy to the reviewed service provider.
 - b) One copy to the service provider file at the Area Agency office.
 - 2) Upon receipt of the compliance review report, the service provider will review and respond back to the Area Agency relative to its content. This response will include either concurrence with, or objection to, only those areas found to be out of compliance. Particular attention should be given to the findings and recommendations relative to the non-compliance issues.
 - a) If the service provider concurs, they should make a statement to that effect in writing per the Area Agency-required format, and return the statement of concurrence to the Area Agency on Aging office.
 - b) If the service provider disagrees, they should make a statement to that effect in writing per the area Agency required format and return the statement of disagreement to the Area Agency on Aging office with documentation to support their position and to detail the basis for the disagreement.
 - c) The service provider shall respond to the Area Agency within fifteen (15) working days of the service provider's receipt of the compliance review report.

- 3) The Area Agency on Aging will review the response from the service provider and advise the service provider within ten (10) working days in writing as to the Area Agency on Aging's:
 - a) need for a formal exit conference; or,
 - b) need for appropriate follow-up action to correct non-compliance issues.
- 4) Copies of the final report will be sent to the service provider's director and the chairperson of the service provider's governing body.
- 5) The Area Agency will require the service provider to submit a work plan to the Area Agency within 30 days of receipt of the final compliance review report describing the service provider's plan for resolving non-compliance issues, including target dates for completion. The Area Agency on Aging will approve or disapprove the service provider's work plan. The Area Agency on Aging will respond to the submitted service provider's work plan within two (2) weeks of the receipt of the work plan. The service provider's work plan activities for resolving non-compliance findings must be completed within 180 days of the Area Agency's approval of the service provider's submitted work plan.
- 6) A service provider will retain a non-compliance status until all non-compliance findings have been resolved. If non-compliance findings are not resolved, suspension and/or termination could result (refer to Section 628).

1106. Agreed-Upon Procedures

The Area Agency's review of independent audits performed in accordance with Government Auditing Standards is a valuable monitoring tool. A service provider that expends less than \$500,000 a year in Federal awards is exempt from the Federal audit requirements for that year. As part of their overall monitoring efforts, the Area Agency may elect to have independent accountants perform agreed-upon procedures to or an examination of management's assertions about compliance with laws and regulations or about internal controls over such compliance.

The same procedures noted in Section 1105 for Area Agency on Aging On-Site Compliance Reviews will apply for Agreed-Upon Procedures engagements.