

<b>1000</b>	<b>Area Agency on Aging Administrative Standards</b>
This chapter provides an outline of the Division of Aging and Adult Services policies and procedures for the Area Agency on Aging Administrative Standards, Reporting and Functions.	

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>
<b>1501</b>	<b>Overview</b>	
	<b>1501.1</b>	<p>The Division of Aging and Adult Services shall develop and maintain a financial management system that accounts for all of the funds administered under its State Plan on Aging.</p> <p>This chapter provides an outline of the Division of Aging and Adult Services operational principles and procedures for reporting requirements for fiscal control and fund accounting procedures to ensure proper disbursement of all funds. This policy chapter is subject to change as additional information and/or regulations are received from the state and the U.S. Department of Health and Human Services, Administration on Aging.</p> <p><i>Reference: Older Americans Act of 1965, as Amended in 2000, P.L. 106-501, § 304, § 305, § 306 and § 307; Title 45 C.F.R. § 1321.17, § 1321.11, § 1321.9; Title 45, Part 74 Subparts F, H, and G; OMB Circular A-110 and A-122; and the Department of Economic Security's Uniform Terms and Conditions and Special Terms and Conditions.</i></p>

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>
<b>1502</b>	<b>Operational Principles</b>	
	<b>1502.1</b>	<p>The Division of Aging and Adult Services shall develop and maintain fiscal control and fund accounting procedures. The Administration will also assure the proper disbursement of, and accounting for, all Federal funds associated with the State Plan on Aging. This includes any such funds paid to its recipients who maintain grants and/or contracts.</p>

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>		
<b>1503</b>	<b>Operational Procedures for Financial Reporting</b>			
	<b>1503.1</b>	Federal and State regulations and contract terms require Area Agencies on Aging and sub-contractors to adhere to the following:		
		<b>A</b>	Submit monthly financial reports, through the Division of Aging and Adult Services electronic payment processing system or the paper AG-053 form ( <a href="#">Exhibit 1500B</a> ), and contain information identified by the State.	
		<b>B</b>	Report only actual expenditures incurred, as estimated or budgeted amounts are not permitted.	
		<b>C</b>	Failure to submit reports in accordance with this policy and contractual deadlines will cause disbursements to cease until reports are received.	
		<b>D</b>	Area Agencies on Aging must adopt or develop reporting procedures consistent with those identified in this chapter for use by sub-contractors, unless written approval is granted by the Division of Aging and Adult Services.	
	<b>1</b>	An approval will only be granted once the Area Agency on Aging's financial reporting procedures have been reviewed and approved by the Division of Aging and Adult Services.		
	<b>1503.2</b>	Monthly financial reports are developed to ensure that documentation is available indicating that costs have been allocated to a fund source which will require reimbursement.		
		<b>A</b>	The monthly financial report must be submitted through the Division of Aging and Adult Services electronic payment processing system or on a paper AG-053 form (Monthly Financial Report for the Area Agencies on Aging and Service Providers, <a href="#">See Exhibit 1500B</a> ) by the 20th day of the month. Payments are typically processed on the last Thursday and Friday of each month.	

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>		
<b>1503</b>	<b>Operational Procedures for Financial Reporting (<i>continued</i>)</b>			
	<b>1503.2</b>	<b>B</b>	Area Agencies on Aging may adjust the reporting deadline for service providers by shortening the month to three weeks.	
		<b>C</b>	The AG-053 has been reviewed to reflect the "Contract Operating Budget". This provides a means for comparison of actual operations and simplifies the reporting function.	
		<b>D</b>	Every Area Agency on Aging will either enter expenditures into the electronic payment processing system or use the AG-053, or an approved computer printout which will follow the same format.	
		When an Area Agency on Aging receives a report from its service providers, it will do the following:		
		<b>1</b>	Summarize the reports.	
		<b>2</b>	Add its own administrative and direct costs for the period.	
		<b>E</b>	Report to the Division of Aging and Adult Services, through the Division of Aging and Adult Services electronic payment processing system or the paper AG-053.	
		<b>3</b>	Report to the Division of Aging and Adult Services, through the Division of Aging and Adult Services electronic payment processing system or the paper AG-053.	
	<b>4</b>	Review the AG-053 produced by the Division of Aging and Adult Services electronic payment processing system to ensure provider expenses and revenues are within contractual limits.		

<b>1500 Cash Disbursement and Expenditures Reporting</b>		
<b>1504</b>	<b>Operational Procedures for Financial Information Flow</b>	
	<b>1504.1</b>	Area Agency on Aging monthly financial reports should consist of the following:
		<b>A</b> Actual expenditures of sub-contractors for the reporting period.
		<b>B</b> The Area Agency on Aging should report amounts expended by subcontractors.
		<b>C</b> Actual expenditures of the Area Agency on Aging for direct services.

<b>1500 Cash Disbursement and Expenditures Reporting</b>		
<b>1505</b>	<b>Operational Procedures for Distribution of Administrative Funds</b>	
	<b>1505.1</b>	The Area Agencies on Aging receive funds from multiple sources, each with its own set of regulations regarding the use of funds for administrative purposes. The Division of Aging and Adult Services will provide the allocations through ALERTS.
	<b>1505.2</b>	Up to ten percent of total Older Americans Act Title III-B, III-C-1, III-C-2, and III-D allocations may be used for administrative purposes, to be paid out of the Title III-C-1 Administration allocation. Up to ten percent of Title III-E funds may be used for administrative purposes, to be paid out of the Title III-E Administration allocation.
	<b>1505.3</b>	The Division of Aging and Adult Services Supplemental Payment Program (SPP) funds may not be utilized as administrative costs as they are restricted to service delivery.
	<b>1505.4</b>	Up to ten percent of the SSBG (local and state planned) allocation may be used for administrative costs. The administrative amounts will come from the state planned allocation.
	<b>1505.5</b>	Up to ten percent of the State Independent Living (ILS), State Ombudsman, and State Respite services may be used for administrative costs.
	<b>1505.6</b>	Other funds may be used for administrative purposes as identified through ALERTS.

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>		
<b>1506</b>	<b>Operational Procedures for Indirect Costs</b>			
	<b>1506.1</b>	If an Area Agency on Aging is a unit within a multi-function organization that is subject to indirect costs and has received a federally approved indirect cost rate, the Area Agency on Aging must submit to the Division of Aging and Adult Services an "Indirect Cost Plan" and the "Indirect Cost Negotiation Agreement".		
		<b>A</b>	<b>1</b>	The Division of Aging and Adult Services will accept the federally approved indirect cost rate if the following criteria are met: The federally approved indirect cost rate does not violate the statutory requirements defined in Federal and State law.
			<b>2</b>	The federally approved indirect cost rate if applied does not substantially reduce funds for program services.
	<b>1506.2</b>	If an Area Agency on Aging is a unit within a multi-function organization that is subject to indirect costs, the Division of Aging and Adult Services must negotiate and approve, on an annual basis, the rate(s) of the indirect cost pool(s) applied to the Area Agency on Aging.		
		<b>A</b>	The rate(s) of the indirect cost pool(s) must benefit the Area Agency on Aging in terms of actual and needed services.	
	<b>1506.3</b>	Subcontractors who are part of a multi-function organization must apply the same process to receive reimbursement for indirect cost activity.		
		<b>A</b>	Only actual pools of indirect costs incurred during the reporting period should be submitted.	
	<b>B</b>	If an agency is incapable of identifying and allocating an indirect cost pool during the reporting period, serious consideration should be given to redesigning the cost allocation plan and relying mostly on direct costs.		

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>	
<b>1507</b>	<b>Operational Procedures for Requesting a Cash Advance</b>		
	<b>1507.1</b>	Cash advances are allowed for the following Older Americans Act Title III funding sources:	
		<b>A</b>	Title III-B Social Services;
		<b>B</b>	Title III-C-1 Congregate Meals;
		<b>C</b>	Title III-C-1 Administration;
		<b>D</b>	Title III-C-2 Home Delivered Meals;
		<b>E</b>	Title III-E Family Caregiver Support Program; and
	<b>F</b>	Title III-E Administration.	
<b>1507.2</b>	Area Agencies on Aging may request cash advances annually. Requests for cash advances must be received by the Division of Aging and Adult Services in June of the current fiscal year for the upcoming fiscal year.		

<b>1500 Cash Disbursement and Expenditures Reporting</b>	
<b>Operational Procedures for Requesting a Cash Advance (continued)</b>	
<b>1507</b>	<p>Area Agencies on Aging may request cash advances for their subcontractors and/or for administrative purposes.</p>
	<p><b>A</b> Area Agencies on Aging requesting cash advances for their subcontractors must submit to the Division of Aging and Adult Services Contracts Specialist a written justification detailing the following:</p>
	<p><b>1</b> The total cash advance amount requested; not to exceed the amount identified in 1507.3D</p>
	<p><b>2</b> A list of subcontractors requesting cash advances</p>
	<p><b>3</b> The advance amounts requested by each subcontractor</p>
	<p><b>4</b> The service/purpose of the advance for each subcontractor.</p>
	<p><b>B</b> Area Agencies on Aging requesting cash advances for administrative purposes, must submit to the Division of Aging and Adult Services Independent Living Support Manager a written justification detailing the amount requested by fund source and the proposed use of the funds.</p>
	<p><b>C</b> Written justifications described in 1507.3.A and B must contain a recoupment plan that details when the Division of Aging and Adult Services will recoup the funds advanced.</p>
	<p><b>D</b> At no time will the total amount requested exceed 1/12<sup>th</sup> of the allowable Older Americans Act Title III funds in the Contract Operating Budget. Allowable Title III funds are provided in 1507.1.</p>
	<p><b>1507.4</b> The Advance Disbursement/Recoupment Schedule (Form AG-057 - See <a href="#">Exhibit 1500A</a>) is a document used to support the request of allowable Older American Act Title III cash advance funds and must be attached to the written justification. A separate Advance Disbursement/Recoupment Schedule must be developed for each of the fund sources.</p>
<p><b>1507.5</b> Upon receipt of the written justification, the Division of Aging and Adult Services will process the request and forward the advance amounts requested by July 15<sup>th</sup> to the Area Agencies on Aging.</p>	
<p><b>A</b> Amounts identified in the Advance Disbursement/Recoupment Schedule will be negotiated with each Area Agency on Aging. The Division of Aging and Adult Services Contracts Specialist will compare the amount spent last year during the same month along with the Area Agency's best judgment about its need for the period.</p>	
<p><b>1507.6</b> Area Agencies on Aging receiving cash advances on behalf of their subcontractors must ensure that funds are distributed within three working days to the subcontractor(s).</p>	
<p><b>1507.7</b> The Division of Aging and Adult Services will begin recoupment of funds advanced on the negotiated time frames to avoid cash flow problems. All funds will be recouped within the same contract year in which the advance was made.</p>	

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>		
<b>1508</b>	<b>Operational Procedures for Program Income</b>			
	<b>1508.1</b>	Program income earned during the contract period shall be used in one or more of the following ways:		
		<b>A</b>	Added to funds committed to the project and used to further eligible project or program objectives.	
		<b>B</b>	Deducted from the total project or program allowable cost in determining the net allowable cost in which the Federal cost is based.	
	<b>1508.2</b>	Sufficient documentation must exist to demonstrate that the use of program income results in increasing services.		
		<b>A</b>	Budgeting that accurately represents the amounts of projected income to be generated that will finance the service levels.	
	<b>1508.3</b>	Budget requirements for program income, includes the following:		
		<b>A</b>	Program income should be anticipated in advance of the program year.	
		<b>B</b>	Budgeted to ensure maximum production levels.	
			<b>1</b>	Area Agencies on Aging should request a budget amendment when program income is received in excess of budgeted amounts.
<b>C</b>		If program income funds are to be distributed to different services than they were received, such funds must be identified in an approved budget.		
<b>D</b>	Must be expended during the contract year in which it was earned.			

<b>1500</b>		<b>Cash Disbursement and Expenditures Reporting</b>	
<b>1509</b>	<b>Operational Procedures for Nutrition Services Incentive Program (Formerly U.S. Department of Agriculture Funds)</b>		
	<b>1509.1</b>	The Division of Aging and Adult Services will distribute funds received for the Nutrition Services Incentive Program through Area Agencies on Aging to nutrition providers.	
		<b>A</b>	The state has elected to receive cash payments for this program and not to receive commodities as described in the Division of Aging and Adult Services Policy and Procedure <a href="#">Chapter 3000 Section 3200</a> . Disbursements shall only be used to purchase foods for nutrition projects. Allocations to Area Agencies on Aging are based upon prior Federal Fiscal Year utilization.

<b>1500 Cash Disbursement and Expenditures Reporting</b>	
<b>1510</b>	<b>Operational Procedures for Late Provider/Sub Contractor Reports</b>
	<b>1510.1</b>
	<b>A</b>
	<b>1510.2</b>
	<b>A</b>
	<b>B</b>
<b>C</b>	

<b>EXHIBITS:</b>	
<b>1500A</b>	Advance Disbursement/Recoupment Schedule (AG-057) with instructions <a href="https://www.azdes.gov/uploadedFiles/Aging_and_Adult_Services/Policy/ag_057.xls">https://www.azdes.gov/uploadedFiles/Aging_and_Adult_Services/Policy/ag_057.xls</a>
<b>1500B</b>	Monthly Financial Report (AG-053) with instructions <a href="https://www.azdes.gov/uploadedFiles/Aging_and_Adult_Services/Policy/ag_053.xls">https://www.azdes.gov/uploadedFiles/Aging_and_Adult_Services/Policy/ag_053.xls</a>