

DEPARTMENT OF COMMUNITY HEALTH

OFFICE OF SERVICES TO THE AGING

PART 5. FINANCIAL REQUIREMENTS

R 400.20501 Notice of financial award.

Rule 501. (1) The office, within 30 days after commission action to approve a grant or contract, shall issue a grant or contract instrument as a 2-party agreement for obligating funds.

(2) The grant or contract instrument shall constitute the official document which specifies the terms of the agreement. The grant or contract agreement shall include all of the following:

(a) Total financial amount, including both of the following:

(i) Funds provided through the office.

(ii) Funds, or services in lieu of funds, provided by the grantee or contractor.

(b) Conditions of the grant or contract, including all of the following:

(i) Beginning and ending dates for which the agreement is to be in effect.

(ii) Documentation of services to be provided or objectives to be achieved by the grant or contract.

(iii) Special conditions, if any, which may be specified as a part of commission approval action.

(c) Dated signatures of the director and authorized representative of the grantee or contractor to bind the agreement.

History: 1983 AACCS.

R 400.20502 Modification of approved grants or contracts.

Rule 502. (1) A grantee or contractor of the state agency shall submit a request and gain approval of the commission for any change which modifies the grant or contract agreement in any of the following ways:

(a) Changes the program scope, planned objectives, or the character of service delivery made part of the instrument.

(b) Provides financial assistance to any person not authorized by the grant or contract instrument.

(c) Transfers to a third party the conduct of functions or responsibilities which are central to executing the purposes of the grant or contract.

(d) Alters the approved budget of the grant or contract, except as may occur through the limits of administrative discretion as provided in the agreement.

(2) Grantees or contractors of the state agency shall be notified by the director of commission action on requests initiated under the provisions of subrule (1) of this rule.

History: 1983 AACCS.

R 400.20503 Grantee responsibilities when contracting for services under grant.

Rule 503. A grantee shall do all of the following when contracting for services under provisions of a grant:

(a) Contract for services within 45 days after the effective date of the grant instrument executed with the office in accordance with R 400.20501.

(b) Not alter the contract amount during the final 60 days of any fiscal year unless approved by the director.

(c) Retain a copy of each contract in the grantee's office for review and audit for a period of 3 years after contract completion.

(d) Obtain prior written approval from the state agency when proposing to contract with profit-making organizations.

History: 1983 AACCS.

R 400.20504 Audits.

Rule 504. A financial audit of grantee records shall be made not less than biennially. Audits are to be conducted in accordance with standards established by the American institute of certified public accountants and requirements issued by the director of the state agency. Audit requirements shall include, but not be limited to, all of the following:

(a) Audits shall be made on an agency-wide basis to test the integrity of financial transactions and compliance with grant or contract terms.

(b) The office shall ensure that timely and appropriate resolution of negative audit findings and recommendations for reconciliation occur promptly.

(c) Grantees may audit contractors that have provided services if the audit conforms to minimum audit standards approved by the director.

(d) The expense of an independent audit which does not meet the standards cited in this rule shall not be authorized.

History: 1983 AACCS.

R 400.20505 Audit disallowances.

Rule 505. A grantee shall be responsible for any costs disallowed as a result of any of its contractors. Resolution of audit disallowances shall be achieved between the grantee and the contractor of record.

History: 1983 AACCS.

R 400.20506 Determining reasonable, allowable, and allocable costs; written procedures.

Rule 506. In accordance with R 400.20301, procedures shall be issued by the office director to all grantees and state agency contractors for determining the reasonableness, allowability, and allocability of costs.

History: 1983 AACCS.

R 400.20507 Means test to deny or limit services; failure to contribute to costs.

Rule 507. (1) A grantee or contractor shall not use a means test to deny or limit a service to older persons unless specifically required by state law or federal regulation.

(2) A grantee or contractor shall not deny or limit a service to an older person who fails to contribute to the cost of the service unless authorized by specific state law or federal regulation.

History: 1983 AACCS.

R 400.20508 Program income.

Rule 508. (1) A grantee and contractor shall maintain a record of all income derived through the provision of a nutrition or supportive service. The office shall issue procedures for recording program income in accordance with R 400.20301.

(2) Program income shall be used to increase or expand the level of service from which the income is derived.

(3) A grantee and contractor shall ensure that acceptable accounting procedures are established for recording the receipt and expenditure of program income.

History: 1983 AACCS.

R 400.20509 Fees for services.

Rule 509. (1) A grantee or contractor shall do both of the following:

(a) Assess a service fee to persons who are not older persons unless they are volunteers in providing a nutrition service.

(b) Record fees for services as program income.

(2) A grantee or contractor shall not claim for credit or payment as a part of the grant or contract for those services rendered to noneligible persons.

History: 1983 AACCS.

R 400.20510 Payments to grantees or contractors.

Rule 510. (1) The office shall only make payments for those authorized costs made in conformance with a fully executed grant or contract instrument.

(2) A grantee or contractor shall not receive payment for costs incurred until authorized under subrule (1) of this rule.

History: 1983 AACCS.

R 400.20511 Withholding of payment; basis.

Rule 511. Payments may be withheld by the office under any of the following circumstances:

- (a) Failure to submit reports as provided by R 400.20104.
- (b) Costs of audits fail to comply with R 400.20504.
- (c) Conditions of suspension or termination ordered by the director or the commission.

History: 1983 AACCS.

R 400.20512 Purchase of equipment or property; permission required.

Rule 512. A grantee or contractor shall not use funds made available through the office for the purpose of purchasing equipment or property, unless specifically authorized by the act or the OAA and approved by the commission as part of the proposed grant or contract action conducted in accordance with R 400.20202.

History: 1983 AACCS.

R 400.20513 Suspension of a grantee; termination of a grant; closeout of a grant; issuance of procedures.

Rule 513. (1) Procedures shall be issued by the office, pursuant to R 400.20301, for each of the following:

- (a) Suspension of a grantee.
- (b) Termination of a grant.
- (c) Closeout of a grant.
- (d) Probation of a grantee.

(2) Procedures issued in accordance with subrule (1) of this rule shall include all of the following:

- (a) A specific reason for the action and instructions for corrective actions to be taken.
- (b) Specific conditions for payment or financial settlement under the conditions of suspension or termination.
- (c) Specific steps to be taken for implementing the suspension, termination, or closeout.
- (d) Specific rights of appeal available to the grantee.
- (e) A specification of how services to older persons are to be continued under the conditions of suspension or termination.

(3) The office shall not pay for additional obligations incurred by the grantee during a period of suspension, unless expressly authorized by commission action.

(4) The office shall not pay a grantee for any financial obligations incurred after the effective grant termination date.

(5) The office may institute an emergency suspension if, considering its responsibility to protect the public's interest, a delayed suspension date would be unreasonable. Emergency suspensions shall be reviewed by the commission for action at its next regular meeting following the date of suspension. The office, through the

director, shall issue criteria for determining an emergency condition in accordance with R 400.20301.

History: 1983 AACCS.