



# **TITLE III-B, D & E POLICIES AND PROCEDURES MANUAL**

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**AASCC TITLE III POLICIES AND PROCEDURES MANUAL**

**CHAPTER ONE:  
GENERAL INTRODUCTION AND HISTORY**

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### *The Older Americans Act*












Congress passed the Older Americans Act (OAA) in 1965 in response to concerns by policymakers about a lack of community social services for older persons. The original legislation established authority for grants to states for community planning and social services, research and development projects and personnel training in the field of aging. The law also established the US Administration on Aging (AoA) to administer the newly created grant programs and to serve as the federal focal point on matters concerning older persons.

In 2012, the AOA became part of the newly created Administration for Community Living (ACL). The ACL's purpose is to increase access to community supports, while focusing attention and resources on the unique needs of older Americans and people with disabilities across the lifespan.

The stated purpose of the Older Americans Act is to ensure equal opportunity to the fair and free enjoyment of:

-  Adequate income in retirement
-  The best possible physical and mental health services without regard to economic status
-  Suitable housing
-  Restorative and long-term care
-  Opportunity for employment
-  Retirement in health, honor, and dignity
-  Civic, cultural, educational and recreational participation and contribution
-  Efficient community services with emphasis on maintaining a continuum of care for vulnerable older individuals
-  Immediate benefit from proven research knowledge
-  Freedom, independence, and the exercise of self determination
-  Protection against abuse neglect and exploitation

The range of programs associated with the OAA covers the full scope of needs for older adults:

-  US Administration on Aging (AoA) established under the Department of Health and Human Services as the federal level advocate for the aging population, and coordinator for service delivery to the elderly
-  National Eldercare Locator Service a toll free hotline for identifying community resources
-  Support Services to promote independence with regard to transportation, home care, legal aid, case management, and adult day care,
-  Nutrition Programs including congregate and home delivered meals
-  National Family Caregiver Support Program to provide respite services, information, training, and counseling to seniors providing kinship care, and to the caregivers of seniors
-  Health Promotion providing educational services, counseling and consultation
-  Aging and Disability Resource Centers to facilitate the dissemination of information on available resources
-  The Community Service Senior Opportunities Act (OAA Title V) which works with the Department of Labor to provide employment opportunities for seniors
-  Grants to Tribal Organizations
-  The Long-term Care Ombudsman Program
-  Elder Abuse, neglect, and exploitation public education services




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Although older individuals may receive services under many other Federal programs, today the OAA is considered to be the major vehicle for the organization and delivery of social and nutrition services to this group and their caregivers. The OAA divided into seven distinct title areas (1 – 7) to achieve its purpose and goals.

The purpose of Title III of the Older Americans Act is to encourage and assist state and local agencies in the development of comprehensive and coordinated service systems for older persons.

The goals of the Area Agencies on Aging in administering Title III programs are as follows:

-  To secure and maintain maximum independence and dignity in a home environment for older persons capable of self-care with appropriate supportive services
-  To remove individual and social barriers to economic and personal independence for older persons; and
-  To provide a continuum of care for vulnerable older persons.

The subtitles under Title III are as follows:

Part A:	General Provisions
Part B:	Supportive Services & Senior Centers
Part C:	Nutrition Services
	<i>Subpart 1:</i> Congregate Nutrition Services
	<i>Subpart 2:</i> Home Delivered Nutrition Services (i.e. <i>Meals on Wheels</i> )
Part D:	Disease Prevention & Health Promotion Services (includes medication management component)
Part E:	National Family Caregiver Support Program (includes age 55 or over Grandparent or Older Relative caregiver component)

State Units on Aging, such as the Connecticut State Department on Aging, are designated by Congress to administer the resources (Title III funds) of the Older Americans Act at the state level.

Area Agencies on Aging (AAA's) are public or non-profit private agencies or organizations designated by the state units on aging to oversee the programs/funding at the regional level of the Older Americans Act.

### ***About the Agency on Aging of South Central Connecticut***

The Agency on Aging of South Central Connecticut (AASCC) is a private nonprofit organization incorporated in 1974. It is an Area Agency on Aging (AAA), one of five regional oversight organizations in the state of Connecticut. Each AAA is responsible for planning, coordination, advocacy and the allocation of Older Americans Act funds for social services, health and human services and nutrition programs designed to meet the needs of older adults age 60 and older. The Agency on Aging of South Central Connecticut (AASCC) has established as its mission:

*“To empower adults to remain as independent and engaged as possible within their communities through advocacy, information and services.”*

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To achieve this mission, **AASCC** intends “to work toward a vision where:

Older adults may be empowered through culturally sensitive outreach and collaboration, with sufficient knowledge, wherewithal and supports to realize their most fulfilled states of aging; and

Society’s conception of older adults may evolve to encompass the full range represented by that population, from workers and volunteers to individuals reliant on a significant array of services.”

*From the AASCC Vision Statement*

Through its programs, The **Agency on Aging of South Central Connecticut (AASCC)** serves the cities and towns of its designated region.

### *AASCC’S CORE SERVICE AREA*

Ansonia, Bethany, Branford, Derby, East Haven, Guilford, Hamden, Madison, Meriden, Milford, New Haven, North Haven, North Branford, Orange, Oxford, Seymour, Shelton, Wallingford, West Haven, Woodbridge

### *ROLE OF AGENCY ON AGING OF SOUTH CENTRAL CONNECTICUT (AASCC)*

As the designated Area Agency on Aging in its service area, the **Agency on Aging of South Central Connecticut (AASCC)** will:

- 1) Assess the need for human services for older adults in South Central Connecticut.
- 2) Develop an Area Plan that will provide for the establishment of a comprehensive and coordinated system for the delivery of nutrition and social services within our area. The Area Plan is the official planning document submitted by all Area Agencies on Aging to SDA for approval that identifies measurable objectives and action steps to achieve those objectives and describes all other AAA functions.
- 3) Conduct a public hearing for review of the proposed Area Plan.
- 4) Make Title III funds available to provide nutrition services, disease prevention and health promotion services, family caregiver support, social supportive services and to assist multipurpose senior centers.
- 5) Conduct periodic in-person and desk monitored evaluation of funded programs.
- 6) Act as an area focal point for leadership in the field of aging.
- 7) Render appropriate technical assistance to funding applicants, service providers and senior groups in the region.
- 8) Coordinate services among existing health and social service providers to minimize duplication.

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- 9) Make efforts to pool available resources to strengthen existing services or create new ones.
- 10) Engage in a continuous process of planning in order to define or redefine objectives and previously established priorities and to improve service delivery.
- 11) Coordinate the provision of training for service providers and the public as well as different components of the aging network.
- 12) Advocate on local, state and federal levels for better services for older adults.

### ***Targeting of Services***

Although all older adults age 60 and older (and under Title III-E, their caregivers), are eligible for services funded through the Older Americans Act, specific activities are given priority. Preference shall be given to those activities and services that assist and benefit older individuals who have the greatest economic and social need, with particular attention to:

- low income older individuals
- low-income minority older individuals
- older individuals with limited English proficiency
- older individuals residing in rural areas
- older adults with Alzheimer's or related disorders
- older adults with severe disabilities
- individuals at risk for institutional placement

AASCC is required to track these targeted groups, and therefore, agencies receiving funding through Title III are required to report on the number of individuals in each group receiving services.

**AASCC** shall use the following methods to target services:

- ☉ Review existing needs assessment studies and other planning information that are relevant to the needs of older adults in South Central Connecticut.
- ☉ Review proposed program with respect to design, location, outreach and publicity.
- ☉ Review patterns of utilization of programs currently funded by AASCC with respect to expenditure levels, number of units and number of older adults who are low income, minority, with limited English proficiency, with Alzheimer's or related disorders, with severe disabilities or are risk for institutional placement.
- ☉ Review services available to older adults funded by sources other than AASCC.


**AASCC** shall target services to low-income minority individuals, older individuals with limited English proficiency, and older individuals residing in rural areas:

- ☉ Funding programs designed to reach the target population due to type of service, location, methods of outreach, and publicity, and, where applicable, proven ability to reach and serve the target population.



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 Establishing targets for clients to be served by providers which take into consideration the proportion of poor and minority persons over age 60 in the geographical area where services are provided, based on the most recent U.S. Census data.

In assessing delivered services, **AASCC** utilizes federal profiles for the types of individuals with the greatest, potential economic need and likely difficulty in accessing assistance programs. Through granted and contracted service providers, **AASCC** will reach the highest number possible of targeted older adults each year. Service providers affiliated with **AASCC** should note the following definitions for individuals and service mechanisms. Detailed service definitions for contracted or granted service delivery are available upon request.

### ***Allowable Grantees/Contractors***

Grant recipients or contractors may be public agencies, private non-profit or proprietary incorporated agencies. Grants to individuals are prohibited. Grants or contracts with proprietary organizations require prior written approval from SDA. Agencies must be incorporated in CT for at least two years prior to requesting funding.

### ***Technical Assistance***

Technical assistance will be provided in response to service provider need contingent on availability of **AASCC** staff time. Typical areas for technical assistance include:

- Clarification of **AASCC** funding application and review process.
- Assistance in establishing low-income and minority targets.
- Assistance in developing accurate program and fiscal record keeping systems.
- Assistance in developing an appropriate client contribution system.
- Assistance in improving program effectiveness based on recommendations resulting from **AASCC** monitoring.

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### *Definitions*

#### **SERVICE AND TARGET DEFINITIONS**

**At risk of institutionalization** – a need for continuous skilled nursing services as well as the need for substantial assistance with hands-on care and need assistance with activities of daily living. Person must meet ALL of the following criteria:

1. Must report need for assistance with 3 or more activities of daily living on the Consumer Registration Form, AND
2. Does not reside in nursing Home; AND
3. Must report *at least one* of the following on the Consumer Registration Form:  
(a) Lives Alone or (b) Income at or below 100% of the FPL or (c) Age 80 or older

**Limited English Proficiency** –speaking English “not well” or “not at all” as self-reported on the US Census American Community Survey

**Greatest Social Need:** The need caused by non-economic factors, which include physical and mental disabilities; language barriers; and cultural, social, or geographical isolation, including isolation caused by racial or ethnic status, that (i) restricts the ability of an individual to perform normal daily tasks; or (ii) threatens the capacity of the individual to live independently.

**Greatest Economic Need (Low-Income/Poor):** The need resulting from an income level at or below the poverty line (100% or below).

**Minority:** African American/Black, Hispanic/Latino, Native American, Asian American, and Pacific Islander.

**Near Poor:** An income level between 101% and 150% of the Federal Poverty Level

**Older Person/Older Adult:** An individual age 60 years or older.

**Severe disability:** a need for assistance with 3 or more ADLs (Activities of Daily Living) on the Consumer Registration Form.

#### **OTHER DEFINITIONS**

**Contract** – an agreement to purchase a specific service at an established unit cost for a certain number of units.

**Grant:** An agreement between two parties whereby financial assistance is provided to carry out a specific program, service or activity.

**In-Kind** – a value placed on a good or service that contributes to your project. It is anything that you would have to pay for in order to deliver the service described in the application.

**Non-Federal Match** – obligation for the applicant agency to “put up” a portion of the program budget. The federal requirement is a 25% match of the net cost (net cost is the total of Title III plus match) or a one-third (33 $\frac{1}{3}$ %) match of the Title III cost. **Client contributions cannot be used for the non-federal match.**

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## **AASCC TITLE III POLICIES AND PROCEDURES MANUAL**

### **CHAPTER TWO: AASCC Title III-B, D, & E Funding Policies**

## TITLE III-B, D, & E Policies and Procedures Manual

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**Title III funds programs that provide in-home and community-based long-term care services, including:**

- Supportive Services (Title IIIB): examples include: transportation, information & assistance, outreach, case management, homemaker or chore services, legal service, adult day centers
- Nutrition Services (Title IIIC): congregate & home-delivered meals
- Disease Prevention and Health Promotion (Title IIID)
- Family Caregiver Support (Title IIIE)

**AASCC may fund Title III-B, D & E projects in the four (4) following categories:**

### ***(1) Grant and Performance-Based Contracts***

A fixed percentage of Title III funding must be used to support priority areas that are established through the Older Americans Act, Connecticut's State Plan on Aging and AASCC's Area Plan. AASCC's priority areas include mental and oral health, elder justice (elder abuse), Alzheimer's aide, Adult Day Centers and Grandparents Raising Grandchildren.

Programs in non-mandated service areas may be considered if additional funding is available.

Programs will be funded based on the criteria of being the most cost-effective, fiscally and programmatically sound program in that service type or category. Funding levels may vary according to availability of resources and demonstrated need. Funding will be allocated in the form of either a grant or a performance-based contract through a competitive process.

### ***(2) Demonstration Projects***

Special demonstration projects (projects needing seed money to become established, multi-year research projects, etc.) The agency may allocate a specified amount of available funds for a project of this kind. Programs would be funded for a maximum of four (4) years based on a declining formula (e.g. 100% in first year, 75% in second year, 50% in third year and 25% in fourth year) if the program receives a favorable yearly evaluation from the AASCC and other funding sources (United Way, municipalities, etc.)

The program would be eligible to apply for funding under the priority service category after the completion of its demonstration period if it meets eligibility criteria.

### ***(3) One Time Only Projects***

Programs that request funds to make capital purchases or improvements that will not require ongoing support; a program expense to deal with an emergency or unplanned situation; and programs that serve older adults but are not a priority service.

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### **(4) Mini Grants**

In keeping with AASCC Policies and Procedure manual and Administration for Community Living guidance for Title III funds distribution, the mini-grant is established to expand AASCC's capacity to meet all categories of identified needs in the Area Plan. Mini-grants fall into one of two existing categories eligible for funding: demonstration projects and one-time funding. Policy for both categories is outlined in the Policy and Procedure manual.

Funds to provide mini-grants are drawn from the previous year's carry-over of unspent funds. In this way there is no diminishment of available funds for the traditional grant process. Based upon funding history, it is anticipated that grants will be made monthly. Mini-grant applicants are subject to the same review criteria as established in the Application Review Criteria section of the Policy and Procedure manual with the exception of items 7, and 8. Item 7 requires evidence of support from other community agencies for the proposed project and this is impractical to obtain for small, new projects. Item 8 requires the grant provide service to individuals in more than one community, however since one of the targets for funding is municipalities this requirement would create a barrier to funding municipalities and utilizing the waiver process for each municipality applicant would create undue work for the Grants Department.

#### *Method*

Grants are awarded monthly.

Grant applications and instructions are available on the AASCC website. Completed applications are submitted monthly to the AASCC Grants Department by the third Tuesday of the month. Technical assistance is provided in group format on an annual basis and is available individually from the Grants Department as needed.

Applications are reviewed by a sub-committee of the Allocations Committee, comprised of a rotating member of the AASCC Board of Directors, a rotating member of the AASCC Advisory Committee and a representative from a community non-profit agency or a municipality on the fourth Tuesday of the month.

Committee recommendations are submitted to the AASCC Board of Directors for approval. Committee decisions are communicated to applicants in the first week of the subsequent month. Grantee awards are also posted on the AASCC website.

Grants are made in the maximum amount of \$5,000.

The grant application is a streamlined version of the full Title III application. Only successful applicants are required to submit accompanying documents such as organization charts, work force statistics and/or certificate of insurance.

Granted funds are not paid to the applicant until after the completion of the project and receipt of the final report.

Funding under this category would be for a maximum of one year. *This category will be considered after the priority service and demonstration project categories have been addressed.*

Service priorities shall target economically and socially needy older adults with special emphasis on low-income minority persons.

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### ***General Policy***

#### ***AASCC reserves the right:***

- (1) To reject all applications if all application are too high;
- (2) To reject any or all applications if they do not meet specifications or if they are incomplete;
- (3) To solicit new applications;
- (4) To accept non-competitive applications and negotiate price and/or specifications if service is available from only one source, or public emergency exists, or after solicitation where competition is determined to be inadequate; or
- (5) To reject any or all applications for sound, documented business reasons.

*AASCC* reserves the right to reject a proposal or decrease the funding level of a program due to the large number of applications, limitations in available Title III funds, the low priority of the proposed service or other factors of a relevant nature as determined by *AASCC* and set out in the proposal review process.

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## ***AASCC* TITLE III POLICIES AND PROCEDURES MANUAL**

### **CHAPTER THREE: AASCC Title III-B, D, & E Funding Proposal Procedures**

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### ***Funding Process***

AASCC distributes Title III B, D and E funds through the following process:

- a. Determine funding priorities and targets for Title III dollars.
- b. Publicize Requests for Proposals (RFPs) and/or application specifications for submission of Title III applications by sending out legal Receive non-binding letters of intent (LOI) from prospective providers.
- c. Hold a technical assistance session/applicants conference to review parameters of the funding application process.
- d. Provide all prospective providers that submitted a LOI and were invited to submit a funding proposal with access to funding applications.
- e. Review funding applications.
- f. Based on Allocations Committee recommendations and comments from the Advisory Council, *AASCC* Board of Directors votes on funding levels.

### **Request for Proposals (RFPs)**

RFPs are disseminated through announcements distributed to public media, service provider agencies, educational institutions, municipalities and the AASCC website. RFPs provide information on eligibility requirements, specific service categories and the estimated amount of funding available, criteria for reviewing proposals, general and specific grant/contract criteria, and a timeframe with due dates. In the case of performance-based contracts, RFPs may be in the form of application specifications.

### **Letters of Intent**

Organizations interested in submitting an application for *AASCC* Title III-B, D & E funds must submit a non-binding Letter of Intent (LOI) to apply for funds to provide a specific service.

### **Funding Application**

LOI's will be reviewed by the Allocations Committee of the Board of Directors and AASCC staff. Applicants will be notified of AASCC's decision. Applications will be provided at a Technical Assistance Session provided by AASCC staff and posted on the AASCC website after this meeting. Letters of Intent and/or applications requesting less than \$5,000 will not be considered for funding, unless the AASCC Board of Directors decides to make an exception.

Due dates for the Letter of Intent and application will be specified in the Request for Proposal. Letters of Intent or applications will not be considered after the deadline time and date specified unless the AASCC Board of Directors waives that deadline. Penalties may be imposed with any granted waivers of the deadline.

Applicants for funding will be required to document that they have been incorporated in CT for at least two years prior to applying.

### ***Criteria for Application Review***

Review of applications will include the following criteria, unless AASCC has informed applicants that one or more criteria will be waived. Applicants may request a waiver of any of these criteria by submitting a written waiver request with the supporting rationale as part of the application.



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Criteria markers with an asterisk do not apply to requests for facility renovations or equipment.  
*The criteria are not necessarily listed in priority order.*

- 1) Service priority for funding according to **AASCC** Area Plan
- 2) Agency qualifications to deliver services: including agency, board and staff experience with older persons, available agency resources and past service delivery performance including administrative and fiscal capabilities.
- \*3) The number of older persons, poverty level persons, and minority persons proposed to be served.
- \*4) The proposed number of units of service, the unit cost and the cost-effectiveness.
- \*5) Provisions of at least 25% non-Federal match.
- \*6) Documentation of cash or in-kind resource sharing among community organizations.
- \*7) Evidence of community support for the proposed program including cooperative arrangements with other elderly services programs.
- \*8) Multi-town service delivery (minimum of two) unless an exception is made by **AASCC** Board of Directors.
- \*9) Evidence of filling a gap in services that would not be otherwise provided within the municipalities served.
- \*10) Defined process for encouraging, collecting, and reporting client contributions.
- \*11) Plans for the organization of a project advisory committee, which include a description of the participation of older people and of representatives of the municipalities to be served.
- 12) Program's success in meeting prior grant objectives including targets for service units, total unduplicated clients, poverty level clients and minority clients.
- 13) Comparison of actual expenditures vs. previous projected budget.
- 14) Previous record of meeting established deadlines, and accurate submission of all required reports, including audits. Poor record of submission may result in reduced or discontinued funding.
- 15) Evidence of efforts to seek other funds and the availability of alternate funding to maintain the program.
- 16) Other factors of a relevant nature as determined by **AASCC**.

### ***Review Procedures***

**AASCC** staff will review all proposals and may contact the applicant for clarification, if necessary. **AASCC** staff will prepare detailed summaries of all proposals and will present these summaries to a standing committee of the Board of Directors, called the Allocations Committee. This committee will review all proposals and then meet and discuss them according to the above criteria and prepare funding recommendations.

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Proposals that require further clarification, may necessitate the submission of additional written information at the request of the **AASCC** staff and/or the Allocations Committee.

The funding recommendations of the Allocations Committee are sent to the **AASCC** Advisory Council for review and comments and then forwarded to the **AASCC** Board of Directors. **Final award decisions are made by the AASCC Board of Directors.**

The proposal review process takes approximately 3 months. All applicants will be notified in writing within 30 days after the decision of the **AASCC** Board of Directors.

### ***Length of Funding***

The award period, except for multi-year funded service providers, shall be limited to a maximum of twelve (12) months.

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### ***APPLICANT APPEALS PROCESS***

Any applicant for a grant or contract from/with the Agency on Aging of South Central CT (AASCC) whose application is:

- a) rejected; or
- b) approved in an amount that is less than the amount requested;  
may appeal the funding decision of the Board of Directors of the AASCC if and only if one of the following is shown:
  - 1) that there is evidence that the application did not receive fair consideration; or
  - 2) that there is evidence that the AASCC's funding process, as defined in this Policy Manual, was not followed; or
  - 3) that there is evidence that any member of the Allocations Committee or the Board of Directors had a conflict of interest in making the funding decision, as defined in the Bylaws of the Board of Directors, or did not act in fairness.

An applicant may initiate this appeal process within ten (10) business days of written notification of the funding decision by submitting to the AASCC President & CEO a written request identifying which of the three conditions form(s) the basis for the appeal and giving supporting evidence of each such condition. The President of the AASCC Board of Directors and the AASCC President & CEO will review the appeal and make a decision within seven (7) business days as to whether the appeal meets any of the three conditions outlined above and provides supporting evidence thereof. If they find that the appeal of the funding decision does not meet any of the three conditions, and/or does not provide supporting evidence, the appeal will be denied and no further action will be taken. However, if they find that the appeal meets any of the three conditions it will be forwarded to the AASCC Board of Directors for further consideration of the appeal as detailed below.

The AASCC Board of Directors shall schedule an opportunity to hear evidence of the appeal within sixty (60) business days of receiving the appeal request. The President of the AASCC Board of Directors shall appoint an ad hoc fact-finding committee to review the evidence on which the appeal is based and gather any additional information that they deem necessary. This committee shall consist of one representative each from the Allocations Committee, Advisory Council and Board of Directors. This ad hoc committee shall make a written report to the Board President, of its findings not later than ten (10) business days before the day on which the appeal will be heard by the Board of Directors.

At the Board of Director's meeting during which the appeal is heard, the appellant shall be given the opportunity to make an opening statement. Second, the ad hoc fact-finding committee shall present its findings and recommendations. Finally, the appellant agency shall have the opportunity to make a closing presentation.

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The Board of Directors shall render a decision on the appeal within ten (10) business days of the date on which the appeal is heard. The applicant will be notified of the decision by letter.

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**CHAPTER FOUR:**  
**Requirements and Conditions for Recipients of AASCC Title III Funds**

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### **A. *Timeframe for Commencement of Project***

Providers must show evidence of initiating services under the approved project within thirty (30) days of the starting date of the project period unless *AASCC* staff has approved an exception. This can include hiring and orientation of new staff as well as implementing client service.

### **B. *Identification of Source of Funding and Publicity***

Providers shall identify the source of funding for the approved project in all publicity, including all materials published about the project. The following sentence may be used for this purpose:

“Title III Federal funds were awarded by the Agency on Aging of South Central Connecticut, available under the provisions of Title III of the Older American’s Act of 1965, as amended.”

In addition to the aforementioned phrase, the grantee shall include a publicity statement that all older persons are eligible for services under the approved project and that contributions for services will be requested. The Title III project shall, at a minimum, prepare news releases about the project at least once every six (6) months. Additional publicity, including radio spots, public speaking, web site listing and brochures, is encouraged.

### **C. *Compliances***

The project shall comply with Title VI of the U.S. Civil Rights Act of 1965 (P.L. 88-352) and all regulations pursuant thereto. The project shall also comply with U.S. Health and Human Services Assurance of Compliance with Section 504 of the Rehabilitation Act of 1973, as amended. Grantee must agree to comply with these and other *AASCC* conditions as defined throughout this Policy Manual by signing the appropriate forms in the funding application.

Any conditions placed on a grant or contract by the *AASCC* Board of Directors shall be achieved within a timeframe established by the Board and be of such grave importance that any unmet condition shall be cause for suspension of the grant or contract.

### **D. *Assessment of Project Performance and Reporting on Project Activities***

Assessments shall occur periodically by *AASCC*. Evaluations of project performance may include the review of financial reports; Management Information System (MIS) data; narrative reports’ or other pertinent items, including meetings and minutes; or an on-site audit. Grantees will complete monthly financial and MIS data by the required deadline. Semi-annual and annual reports shall incorporate data and narrative components.

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### **E. *Input From Service Recipients***

Grantees shall establish a procedure to accept, review and take appropriate action on comments from clients receiving service.

### **F. *Staffing and Training***

Grantees shall actively seek qualified older persons for paid positions on the project and, where appropriate, make provision for volunteer opportunities for older persons.

Grantees shall provide for or participate in such training as may be necessary to enable paid and volunteer project personnel to perform more effectively on the project.

All changes in project management staff shall be communicated to AASCC.

### **G. *Joint Planning Activities***

Grantees shall cooperate with **AASCC** in its efforts toward developing a comprehensive and coordinated system of services for the elderly by participating in joint planning efforts and other activities mutually agreed upon to meet this goal.

### **H. *AASCC Grantee Payment Procedure and Pacing of Service***

A grantee may request an advance at the beginning of the award period. Thereafter, payment will be made on a specified schedule and **payment will be conditional** upon receiving financial reports, MIS reports, and other required reports according to the schedule specified by **AASCC**.

Each provider agency can receive a maximum of  $\frac{1}{4}$  the total award in any quarter. Exceptions to this must be approved by the **AASCC** grant/contract monitoring personnel after written request and explanation has been submitted to **AASCC**.

It is expected that units of service will be provided at an even pace over 12 months so that  $\frac{1}{12}$  of the annual service goal is provided each month.

### **I. *AASCC Contractor Payment Procedure***

Contractors may request an advance at the beginning of the contract period. Thereafter, payment will be made based on service invoices submitted. **AASCC** will pay the lesser of the amounts shown on the service invoice or the monthly MIS report. **AASCC** will pay no more than one twelfth of the annual award each month, and no more than 25% at the end of the first quarter, 50% at the end of the second quarter, 75% at the end of the third quarter and 100% at the end of final quarter unless an exception is requested and approved by **AASCC**.

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Payment will be conditional upon receiving the service invoice, MIS and other required reports according to the schedule specified by **AASCC**.

For multi-service contracts, in no case shall the provider's expenditures exceed the total approved Title III costs or the approved Title III costs for each service category as specified in the contract without the prior written approval of **AASCC**. Requests by the provider for a transfer of funds between service categories (in the unit cost chart) shall be carried out only with the prior written approval of **AASCC**. The provider shall submit such request no later than August 15 of the program year.

### **J. *Pre-Agreement Costs***

Any costs incurred prior to the awarding of the grant by **AASCC** are not allowable Title III costs.

### **K. *Accounting System***

The grantee shall develop and maintain a separate checking account and/or a special accounting system for Title III funds. Title III funds and income derived from the project may be maintained in interest bearing accounts.

A system must be maintained for recording interest earned and project income received. Interest shall be considered "Other Project Income" for reporting purposes.

### **L. *Audit Procedures and Assurances***

A certified audit is required prior to initial funding and then on an annual basis beginning at the end of the first year.

If no exceptions are made by **AASCC** Board of Directors for grantee auditors to complete the required audit reports, all audits/financial reviews must be submitted to **AASCC** no later than 60 days after the termination date of the award.

### **M. *Purchasing and Resale of Equipment and Services***

All purchases of, and contracts for, supplies, materials, equipment, and contractual services, except gas, water, and electricity, and all sales of personal property which become obsolete, unserviceable or unusable, shall be based, where possible, on competitive applications. Solicitations for applications shall be based upon a clear and accurate description of the material, product or service being sought or sold.

If the expenditure or sale is estimated to exceed six thousand dollars (\$6,000), the project shall solicit sealed applications by sending notice to prospective suppliers and by inserting public notice at least once in not fewer than three daily newspapers published in the state, and at least five calendar days before the final date of submitting applications. Procurement records and files for purchases in excess of \$6,000 shall be



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maintained for three years and shall include that basis for contractor selection, basis for award cost or price and justification for lack of competition when competitive applications or offers are not obtained. Any exceptions to this advertised applications process must be consistent with applicable Federal and state regulations.

All purchases, subcontracts or sales between \$100-\$6,000 shall be made in the open market and shall, where feasible, be based on at least 3 competitive cost quotations.

### **N. *Property Inventory Management***

All grantees are required to prepare inventory listings of all real and tangible property whose acquisition cost was borne in whole or in part as a direct charge to Federal funds coming from AASCC, including such Federally-funded real or tangible property purchased by subcontractors.

Any real or tangible piece of property (machinery, tools, furniture, vehicles, apparatus, etc.) shall be listed if it has a normal useful life of three years or more and a value of \$300 or more, or if the useful life is less than three years, a value of at least \$500.

In addition, books, tapes, microfilm, pamphlets, journals, etc., having an individual value of \$50 or more shall also be listed.

The property listings shall accurately include:

1. Name and description of property.
2. Location, use and condition of property, including estimated life.
3. Name of manufacturer or vendor and model number.
4. Manufacturer's serial number or other identification number assigned by the agency at the time of acquisition.
5. Date of acquisition.
6. Cost:
  - a. Actual cost at time of purchase.
  - b. Fair market value or appraised cash value at time of receipt of items, which were either donated or received as surplus Federal or state property.
7. Source and percent of Federal and other funds used in the acquisition of the property.
8. Date, method and sales price of disposition, where applicable.

Physical inventories shall be taken each year and the results reconciled with the property records to verify existence, current utilization, and condition of the property. Records shall be maintained for at least three years after the termination of Federal funding.

A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of non-expendable personal property. Loss, damage or theft shall be investigated and fully documented.

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Proper sales procedures shall be established for unneeded property, which would provide for competition to the extent practicable and result in the highest return, consistent with section IV M.

Title to tangible property whose acquisition was borne in whole or in part by Older Americans Act funds shall be transferred by the grantee agency to **AASCC** upon completion or termination of a program unless the property continues to be used for purpose of the program for which it was purchased. Approval of **AASCC** is required for continued use of the property past the funding period and/or for the disposal of the property under Federal standards.

The cost of consumable supplies is allowable to the extent that the supplies or materials are reasonably necessary to carry out the activities of the program for which these were purchased. Amounts in excess of need are expressly unallowable.

“Acquisition” of property includes purchase, construction, or fabrication of property.

“Acquisition cost” of personal property acquired by purchase means the net invoice price of the property, including any attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Ancillary charges such as taxes shall be included in the acquisition cost in accordance with Connecticut Department of Aging accounting procedures.

“Personal property means property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence) such as patents, inventions, and copyrights.

“Real property” means, land, land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

### **O. *Changes Within Approved Grant Budget***

Pertaining to line items for Title III and non-Federal match in the budget approved by **AASCC**, as stated on the Notification of Grant Award currently in effect, grantees may make transfers within existing line items of their *approved* budget. For funds awarded under III-B, D and E, the allowable transfer is:

|      20% of a line item or \$500, whichever is less      |

To transfer funds to a *new line item* (if the line item has not yet been approved but the remaining budget items are previously approved):

(a).20% of a line-item or more than \$500, which ever is more,

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- (b). 20% of a line item or \$2,000, whichever is more; a written request must be submitted to the **AASCC** for approval.

Without **AASCC** approval as reflected in the current Notification of Grant Award, expenditures of amounts which exceed an approved line-item by:

- (a) III-B, D & E: 20% or \$500

- (b) III-C: 20% or \$2,000

or expenditures for a new line item shall be disallowed.

The **AASCC** grant department staff has the authority to make decisions on grantee requests for line-item budget transfers up to \$2,500. The **AASCC** President & CEO has the authority to make decisions on any grantee budget line-item changes (a) over \$2,500 for Title III-B, D and E without seeking approval of the Board of Directors unless the budget revision significantly changes the program. In such cases, the President & CEO shall request approval by the Board of Directors.

No service provider shall alter the services approved for Title III funding by the **AASCC** Board of Directors unless such service revisions have prior approval by the **AASCC** Board of Directors. Non-compliance with this policy may result in suspension.

### **P. *Mileage Reimbursement***

Mileage reimbursement paid out of Title III or non-Federal matching funds is limited to the current IRS allowable rate per mile. Provider agencies may choose to reimburse at a higher rate using other resources consistent with the provider agency policy.

### **Q. *Non-Federal Match Requirements***

“The voluntary contributions (client contributions) and cost sharing fees of recipients of Title III services and interest from deposits of federal receipts may **not** be used as match for any Title III service, including Title III-E. These funds may be used to expand services.”

Non-Federal Match for the Title III Grant (cash and/or in-kind) **cannot** come from federal funds (only General Revenue Sharing, Community Development Block Grant and Legal Services Corporation funds are allowable match) and they are **not** to be used to match any other federal grant.

Local cash match may come from such sources as:

- money contributions by other public agencies and institutions;
- private organizations or individuals, such as United Way;
- local mill levies;
- state, county and city government;
- foundations

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- trusts; and
- fund-raising activities. (Federal dollars may not be used for fund- raising activities. See OMB Circular A-87 and OMB Circular A-21).

Grantees can use third-party in-kind contributions to meet the non-federal share requirement. To be used as match, these contributions must meet the same requirements as cash match and must represent part of the cost of carrying out the Title III program. The contribution must be verifiable and the records must show how the value of the third-party in-kind contribution was determined. That valuation must be reasonable and is subject to audit. Examples of in-kind contributions include:

- volunteer services;
- donated time of employees of other organizations;
- donated supplies and loaned equipment; and
- space.

### **R. *Contribution Policy***

All Title III providers shall afford older persons the opportunity to contribute toward all or part of the costs of the services received. No older person shall be denied service because of inability or unwillingness to contribute.

A provider may utilize a schedule of suggested contributions based on the cost of providing the service. The schedule may be based on a sliding scale under which the suggested contribution varies in proportion to the client's income. Clients must be informed verbally and in project literature that they are encouraged to contribute in a free and voluntary manner toward the costs of the services being provided.

A method of collection, which provides both for the protection of the privacy of the individual and for fiscal accountability of the contributions received, must be established by all grantees. Cash contributions received must be counted by two people and stored in a secure manner. This contribution system must be described in the funding application and approved by **AASCC**. Any changes in the contribution system must be submitted to **AASCC** for approval prior to implementation.

### **S. *Program Income***

Program income generated from client contributions, third party reimbursement for services, or in the sale of equipment purchased with grant funds is subject to the requirements of the code of Federal Regulations (CFR) Title 45, Part 74, Subpart F (attachment A). Program income generated from client contributions is not allowable as non-Federal match.

The **AASCC** policy on grant related program income is to allow all grantees to utilize program income in accordance with Subpart F, Sections D or E. The additional costs alternative has been selected by **AASCC** to apply to all Title III providers when

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program income exceeds that committed to non-Federal matching funds; such excess program income is to be used by Title III grantees for the following two purposes only:

1. Expanding the project program;
2. Continuing the project or program after Title III funding support ends.

In either of these situations, the grantee must submit for *AASCC* approval a proposal for the use of such additional project income unspent during the funding period and maintain documentation on the use of such funds.

In a situation where the project or program is being terminated altogether, all project income shall be applied to the total cost prior to determining the final Title III payment.

For programs receiving continued *AASCC* funding, program income which is carried over from a prior period should be included when calculating the total costs for the succeeding period, and should be spent prior to income generated during the succeeding period.

### **T. *Subcontracting***

Subcontracts for any portion of Title III award must have prior written *AASCC* approval. The grantee retains full and complete responsibility for the program and fiscal accountability of services performed under a subcontract.

### **U. *Award Closeout***

Award Closeout means the process by which *AASCC* determines that all applicable administrative actions and all required work of the award have been completed by the grantee and *AASCC*.

To closeout a grant or contract, the grantee shall:

1. Submit final invoice for any allowable reimbursable costs not covered by previous payments, which *AASCC* is obligated to pay. Project income shall be accounted for consistent with the project income selection of this Policy Manual.
2. Refund any unobligated balance of cash advanced to the grantee. *AASCC* shall make a settlement for any adjustment of the Federal share of costs.
3. Submit, within 45 days of the date of expiration or termination, all financial, performance and other reports required by the terms of the award. Upon request, *AASCC* may approve an extension of the reporting period.
4. Retain all financial and programmatic records for a minimum of three years from the day the grantee submits its last expenditure report.

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5. Dispose of equipment. Disposition depends upon cost (less or more than \$1,000) and use for *AASCC* authorized purposes.
  - a. For disposition when no longer used for projects or programs currently or previously sponsored by the Federal government.
    - i. If the item cost less than \$1,000, sell or retain without compensation to *AASCC*.
    - ii. If the item cost \$1,000 or more, grantee may:
      - Retain and pay *AASCC* for its share of market value
      - or-
      - Sell and pay *AASCC* for its share of proceeds. Up to 10% of total proceeds for documented expenses of selling may be deducted from *AASCC* share.
  - b. If the grantee's project is receiving continuing Federal support and the *AASCC* approves, the net amount due may be used for allowable costs of the project or program. Otherwise, the net amount must be remitted to the *AASCC*. If in shared use, provider must make equipment available, on a non-interference basis, for other federally funded programs within the organization.
6. For supplies, if a residual inventory exceeding \$1,000 in market value exists at the end of the period and the supplies are not needed for any other project currently or previously approved by the Federal government, the provider must:
  - a. Return or sell, and repay *AASCC* for Federal share of market value or sales proceeds.
  - b. If sold, provider may deduct from Federal share up to 10% of proceeds for documented selling expenses.
7. A written request from the provider on proposed use of equipment and supplies must be submitted to *AASCC* for approval.
8. *AASCC* retains the right to disallow costs and recover an appropriate amount after fully considering any recommended disallowances resulting from an audit, which may be conducted later.

The grantee is not relieved of potential liability under such claims recovery based on an audit for three years from the date of termination.

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### V. *Suspension*

Suspension of an award means temporary withdrawal of an grantee's authority to obligate award funds pending documented corrective action or a decision to terminate an award. A suspension results in a reduction of the total award by the proportion of the award period during which the suspension is in effect, unless an exception is approved by the *AASCC* Board of Directors; that is, a twelve (12) month award shall be reduced by 1/365 for each day the suspension is in effect.

In addition, funding may be suspended or terminated for failure to submit required reports, such as MIS, program reports, financial reports, special reports, or any combination of these, for 3 consecutive months from the previous or current award period.

Suspension may be either on notice or summary suspension.

1. A suspension on notice may be initiated by *AASCC* after approval by the *AASCC* Board of Directors by sending a certified letter return receipt requested to the grantee indicating the reasons for the suspension, any corrective action required of the grantee and the effective date of the suspension.

A suspension on notice becomes effective only after grantee is afforded 10 days to show cause why funding should not be suspended. Suspensions shall remain in effect until the grantee has taken the required corrective action, provided documentation satisfactory to *AASCC* that such corrective action will be taken, or until the *AASCC* terminates the award.

During a period of suspension, no new expenditures shall be made and no new obligations shall be incurred in connection with the suspended program except as specifically authorized in writing by *AASCC*.

2. In a summary suspension, *AASCC* may, after approval by the Board of Directors, suspend assistance without prior notice and opportunity to show cause if it is determined by *AASCC* staff that immediate suspension is necessary because of a serious risk of substantial injury to or loss of project funds or property, or of violation of a Federal, State, or local criminal statute, or of U.S. Administration on Aging, DSS/ESD, or *AASCC* regulations, guidelines and instructions, and that such a risk is sufficiently serious to outweigh the general policy in favor of advance notice and opportunity to show cause.

Notice of summary suspension shall be given to the grantee by certified letter return receipt requested, shall become effective upon delivery to the grantee, and shall specifically advise the grantee of the effective date of the suspension and the extent, terms, and condition of any partial suspension. The notice shall also forbid the grantee to make any new expenditures or incur any new obligations in connection with the suspended portion of the program.



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### **W. *Termination for Cause***

**AASCC** may terminate any award in whole, or in part, at any time before the scheduled date of completion, whenever it is determined by the **AASCC** Board of Directors that the grantee has failed to comply in whole or in part with the applicable terms and conditions of the grant. **AASCC** shall notify the grantee by certified letter return receipt requested of the determination and the areas of non-compliance together with the effective date.

The grantee has seven (7) days to show cause why termination should not proceed by presenting evidence satisfactory to **AASCC** that compliance has been or will be restored. Such evidence shall be reviewed by an ad hoc committee appointed by the **AASCC** Board President consisting of one member each from the Board, the Advisory council, and the Allocations Committee. The termination notice shall remain in effect unless this ad hoc committee recommends a different course of action, which is subsequently approved by the **AASCC** Board.

### **X. *Termination for Convenience***

Either **AASCC** or the grantee may terminate the award, in whole or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. **AASCC** will allow full credit to the grantee for the Federal share of those non-cancelable obligations, which were properly incurred by the grantee prior to termination.

### **Y. *Record Keeping and Reporting***

**Financial:** Financial reports and service invoices are due in the **AASCC** office according to the schedule established by **AASCC**. It is required that a cash method of accounting be used.

**MIS:** All Title III grantees are required to provide client and service data using the computerized Management Information System (MIS) established by the DSS/ESD.

All MIS forms and other program reports are due each month in the **AASCC** office according to the schedule established by **AASCC**. Checks will be withheld unless the financial report, the MIS data and any other required reports are submitted by the specified schedule.

The provider must submit other required reports as mandated by **AASCC**, the DSS/ESD or the U.S. Administration on Aging.



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### **Z.     *Access to Records***

The approved project application and all records, documents, and other substantive information regarding the project, with the exclusion of personnel files and the names of clients, shall be open for inspection by *AASCC*, the DSS/ESD, the U.S. Administration on Aging, and the U.S. Health and Human Services personnel authorized to examine Title III programs.

## ATTACHMENT A

### *Grant Related Income*

#### **§ 74.40 Scope of subpart.**

This subpart contains policies and requirements relating to (a) program income and (b) interest and other investment income earned on advances of grant funds.

#### **§ 74.41 Meaning of program income.**

(a) Except as explained in paragraphs (b) and (c) of this section, program income means gross income earned by a recipient from activities part or all of the cost of which is either borne as a direct cost by a grant or counted as a direct cost towards meeting a cost sharing or matching requirement of a grant. It includes but is not limited to such income as in the form of fees for services performed during the grant or subgrant period, proceeds from sale of tangible personal or real property, usage or rental fees, and patent or copyright royalties. If income meets this definition, it shall be considered program income regardless of the method used to calculate the amount paid to the recipient – whether, for example, by a cost-reimbursement method or fixed price arrangement. Nor will the fact that the income is earned by the recipient from a Federal procurement contract or from a procurement contract under a Federal grant awarded to another party affect the income's classification as program income.

(b) For research grants that are subject to an institutional cost-sharing agreement, income shall be considered program income only if it is earned from an activity part or all of the cost of which is borne as a direct cost by the Federal grant funds. An institutional cost sharing agreement is one entered into between HHS and a grantee covering all of HHS's research grants to the grantee in the aggregate.

(c) The following shall not be considered program income:

(1) Revenues raised by a government recipient under its governing powers, such as taxes, special assessments, levies, and fines. (However, the receipt and expenditure of such revenues shall be recorded as a part of grant or subgrant project transactions when such revenues are specifically earmarked for the project in accordance with the terms of the grant or subgrant.)

(2) Tuition and related fees received by an institution of higher education for a regularly offered course taught by an employee performing under a grant or subgrant.

(d) For the purposes of this subpart, program income is divided into several categories. Each category is treated in a separate section of this subpart.

#### **§ 74.42 General program income.**

(a) Definition. General program income means all program income accruing to a grantee during the period of grant support or to a subgrantee during the period of grant support, other than the special categories of such income treated in § § 74.43 through 74.45.

(b) Use. (1) General program income shall be retained by the recipient and used in accordance with one or a combination of the alternatives in paragraphs (c), (d), and (e) of this section, as follows: The alternative paragraph (c) may always be used by recipients and must be used if neither of the other two alternatives is permitted by the terms of the grant. The alternatives in paragraphs (d) or (e) may be used only if expressly permitted by the terms of the grant. In specifying alternatives that may be used, the terms of the grant may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income.

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(2) The terms of a subgrant may restrict the use of general program income earned by the subgrantee to only one or some of the alternatives permitted by 10500 paragraph (c) of this section shall always be permitted.

(c) *Deduction alternative.* (1) Under this alternative, the income is used for allowable costs of the project or program. If there is a cost-sharing or matching requirement, costs borne by the income may not count toward satisfying that requirement. Therefore, the maximum percentage of Federal participation is applied to the net amount determined by deducting the income from total allowable costs and third-party in-kind contributions. The income shall be used for current costs unless the granting agency authorizes deferral to a later period.

(2) To illustrate this alternative, assume a project in which the grantee incurs \$100,000 of allowable costs and receives no third-party in-kind contributions. If the grantee earns \$10,000 in general program income and this alternative applies, that \$10,000 must be deducted from the \$100,000 before applying the maximum percentage of Federal participation. If that percentage is 90 percent, the most that could be paid to the grantee would therefore be \$81,000 (90 percent times \$90,000).

(d) *Cost-sharing or matching alternative* (1) Under this alternative, the income used for allowable costs of the project or program but, in this case, the costs borne by the income may count toward satisfying a cost-sharing or matching requirement. Therefore, the maximum percentage of Federal participation is applied to total allowable costs and third-party in-kind contributions. The income shall be used for current costs unless the granting agency authorizes deferral to a later period.

(2) To illustrate this alternative, assume the same situation as in paragraph (c) (2) of this section. Under this alternative, the 90 percent maximum percentage of participation would be applied to the full \$100,000, and \$90,000 could therefore be paid to the grantee. (It should be noted that if \$20,000 of general program income is earned, only \$80,000 could be paid, since a grant cannot pay for costs,

which have been borne by general program income.)

(e) *Additional costs alternative.* Under this alternative, the income is used for costs which are in addition to the allowable costs of the project or program but which nevertheless further the objectives of the Federal statute under which the grant was made. Provided that the costs borne by the income further the broad objectives of that statute, they need not be of a kind that would be permissible as charges to Federal funds.

Examples of purposes for which the income may be used are:

- (1) Expanding the project or program.
- (2) Continuing the project or program after grant or subgrant support ends.
- (3) Supporting other projects or programs that further the broad objectives of the statute.
- (4) Obtaining equipment or other assets needed for the project or program or for other activities that further the statute's objectives.

### **§ 74.43 Program income – proceeds from sale of real property and from sale of equipment and supplies acquired for use.**

The following kinds of program income shall be governed by subpart O of this part:

- (a) Proceeds from the sale of real property purchased or constructed under a grant or subgrant.
- (b) Proceeds from the sale of equipment and supplies fabricated or purchased under a grant or subgrant and intended primarily for use in the grant- or subgrant –supported project or program rather than for sale or rental.

### **§ 74.44 Program income – royalties and other income earned from a copyrighted work.**

(a) This section applies to royalties, license fees, and other income earned by a recipient from a copyrighted work developed under the grant or subgrant. Income of that kind is covered by this section whether a third party or the recipient itself acts as the publisher, seller, exhibitor, or performer of the copyrighted work. In some cases the

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recipient incurs costs to earn the income but does not charge these costs to HHS grant funds, to required cost-sharing or matching funds, or to other program income. Costs of that kind may be deducted from the gross income in order to determine how much must be treated as program income.

(b) The terms of the grant govern the disposition of income subject to this section. If the terms do not treat this kind of income, there are no HHS requirements governing the disposition. A grantee is not prohibited from imposing requirements of its own on the disposition of this kind of income which is earned by its subgrantees provided those requirements are in addition to and not inconsistent with any requirements imposed by the terms of the grant.

### **74.45 Intentionally gap in sequence**

### **§ 74.46 Program income after grant or subgrant support not otherwise treated.**

(a) This section applies to program income not treated elsewhere in this part which arises from or is attributable to an activity while supported by a grant or subgrant but which does not accrue until after the period of grant or subgrant support. An example is proceeds from the sale or rental of a residual inventory of merchandise fabricated or purchased by a grant-supported workshop during the period of support.

(b) The terms of the grant govern the disposition of income subject to this section. If the terms do not treat this kind of income, there are no HHS requirements governing the disposition. A grantee is not prohibited from imposing requirements of its own on the disposition of this kind of income which is earned by its subgrantees provided those requirements are in addition to and not inconsistent with any requirements imposed by the terms of the grant.

### **§ 74.47 Interest earned on advances of grant funds.**

(a) Except when exempted by Federal statute (see paragraph (b) of this section for the principal

exemption), grantees shall remit to the Federal Government any interest or other investment income earned on advances of HHS grant funds. This includes any interest or investment income earned by subgrantees and cost-type contractors on advances to them that are attributable to advances of HHS grant funds to the grantee

### **§ Use of equipment.**

(a) *Basic rule.* Equipment, which has not been transferred under § 74.136, shall be used by the recipient in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipient shall use the equipment, if needed, in other projects or programs, currently or previously sponsored by the Federal Government, in the following order of priority:

(1) Projects or programs currently or previously sponsored by the same granting agency.

(2) Projects or programs currently or previously sponsored by other Federal agencies.

(b) *Shared use.* If equipment is being used less than full time in the project or program for which it was originally acquired, the recipient shall make it available for use in other projects or programs currently or previously sponsored by the Federal Government: *Provided*, such other use will not interfere with the work on the original project or program. First preference for such other use shall be given to other projects or programs sponsored by the same granting agency.

(c) *Use by other recipients.* When the recipient can no longer use the equipment as required by paragraph (a) of this section, it may voluntarily make the equipment available for use on projects or programs currently or previously sponsored by the Federal Government which the recipient is supporting through subgrants or through non-Federal grants. If the recipient is a subgrantee it may also voluntarily make the equipment available for use on projects or programs currently or previously sponsored by the Federal Government,

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which are being conducted or supported by the grantee.

(d) *Other uses.* Unless the granting agency provides otherwise, while equipment is being used as described in the preceding paragraphs of this section, it may also be used part time for other purposes. However, use as described in those paragraphs shall be given priority over other uses.

### **Intentional gap in sequence from 74.47 – 74.107**

#### **74.108 Authorized funds exceeding needs.**

The recipient shall notify the awarding party promptly whenever the amount of grant or sub-

grant authorized funds is expected to exceed needs by more than \$5,000 or 5 percent of the grant or sub-grant, whichever is greater. This notification will not be required under continuing grants or sub-grants if the application for the next period's funding will include an estimate of what the unobligated balance of authorized funds will be at the end of the current period.

#### **74.109 Intentional gap**

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### ***Grant and Sub-grant Closeout, Suspension, and Termination***

#### **§ 74.110 Definitions.**

“Grant closeout” means the process by which a granting agency determines that all applicable administrative actions and all required work of the grant have been completed by the grantee and the granting agency.

“Suspension” of a grant means temporary withdrawal of the grantee’s authority to obligate grant funds pending corrective action by the grantee or a decision to terminate the grant.

“Termination” of a grant means permanent withdrawal of the grantee’s authority to obligate previously awarded grant funds before that authority would otherwise expire. It also means the voluntary relinquishment of that authority by the grantee. “Termination” does not include:

(a) Withdrawal of funds awarded on the basis of the grantee’s underestimate of the unobligated balance in a prior period;

(b) Refusal by the granting agency to extend a grant or award additional funds (such as refusal to make a competing or noncompeting continuation, renewal, extension, or supplemental award);

(c) Withdrawal of the unobligated balance as of the expiration of a grant;

(d) Annulment, i.e., voiding, of a grant upon determination that the award was obtained

fraudulently, or was otherwise illegal or invalid from inception.

#### **§ 74.111 Closeout.**

(a) Each grant shall be closed out as promptly as is feasible after expiration or termination.

(b) In closing out HHS grants, the following shall be observed:

(1) Upon request, HHS shall promptly pay the grantee for any allowable reimbursable costs not covered by previous payments.

(2) The grantee shall immediately refund or otherwise dispose of, in accordance with instructions from HHS, any unobligated balance of cash advanced to the grantee.

(3) The grantee shall submit, within 90 days of the date of expiration or termination, all financial, performance, and other reports required by the terms of the grant. HHS may extend the due date for any report upon receiving a justified request from the grantee, and may waive any report, which is not needed.

(4) The granting agency shall make a settlement for any upward or downward adjustment of the

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Federal share of costs, to the extent called for by the terms of the grant.

(c) (1) The closeout of a grant does not affect the retention period for, or Federal rights of access to, grant records. See subpart D of this part.

(2) If a grant is closed out without audit, the granting agency retains the right to disallow and recover an appropriate amount after fully considering any recommended disallowances resulting from an audit which may be conducted later.

(3) The closeout of a grant does not affect the grantee's responsibilities with respect to property under subpart O of this part, or with respect to any program income for which the grantee is still accountable under subpart F of this part.

### **§ 74.112 Amounts payable to the Federal Government**

For each grant, the following sums shall constitute a debt or debts owed by the grantee to the Federal Government, and shall, if not paid upon demand, be recovered from the grantee or its successor or assignees by setoff or other action as provided by law:

(a) Any grant funds paid to the grantee by the Federal Government in excess of the amount to which the grantee is finally determined to be entitled under the terms of the grant;

(b) Any interest or other investment income earned on advances of grant funds which is due the Federal Government pursuant to § 74.47;

(c) Any royalties or other special classes of program income which, under the terms of the grant, are required to be remitted to the Federal Government (See part F of this part);

(d) Any amounts due the Federal Government ... subpart O of this part; and

(e) Any other amounts finally determined to be due the Federal Government under the terms of the grant.

### **§ 74.113 Violation of terms.**

(a) When a grantee has materially failed to comply with the terms of a grant, the granting agency may suspend the grant, in accordance with § 74.114, terminate the grant for cause, as provided in § 74.115, or take such other remedies as may be legally available and appropriate in the circumstances.

(b) If a project or program is supported over two or more funding periods, a grant may be suspended or terminated in the current period for failure to submit a report still due from a prior period.

### **§ 74.114 Suspension.**

(a) When a grantee has materially failed to comply with the terms of a grant, the granting agency may, upon reasonable notice to the grantee, suspend the grant in whole or in part. The notice of suspension will state the reasons for the suspension, any corrective action required of the grantee, and the effective date. The suspension may be made effective at once if a delayed effective date would be unreasonable considering the granting agency's responsibilities to protect the Federal Government's interest. Suspensions shall remain in effect until the grantee has taken corrective action satisfactory to the granting agency, or given evidence satisfactory to the granting agency, that such corrective action will be taken, or until the granting agency terminates the grant.

(b) New obligations incurred by the grantee during the suspension period will not be allowed unless the granting agency expressly authorizes them in the notice of suspension or an amendment to it. Necessary and otherwise allowable costs, which the grantee could not reasonably avoid during the suspension period, will be allowed if they result from obligations properly incurred by the grantee before the effective date of the suspension and not in anticipation of suspension or termination. At the discretion of the granting agency, third-party in-kind contributions applicable to the suspension period may be allowed in satisfaction of cost sharing or matching requirements.



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(c) Appropriate adjustments to payments under the suspended grant will be made either by withholding subsequent payments or by not allowing the grantee credit for disbursements made in payment of unauthorized obligations incurred during the suspension period.

### § 74.115 Termination.

(a) *Termination for cause.* The granting agency may terminate any grant in whole, or in part, at any time before the date of expiration, whenever it determines that the grantee has materially failed to comply with the terms of the grant. The granting agency shall promptly notify the grantee in writing of the determination and the reasons for the termination, together with the effective date.

(b) *Termination on other grounds.* Except as provided in paragraph (a) of this section, grants may be terminated in whole or in part only as follows:

(1) By the granting agency with the consent of the grantee, in which case the two parties shall agree upon the termination conditions, including the effective date and in the case of partial termination, the portion to be terminated, or

(2) By the grantee, upon written notification to the granting agency, setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of a partial termination, the granting agency determines that the remaining portion of the grant will not accomplish the purposes for which the grant was made, the granting agency may terminate the grant in its entirety under either paragraph (b) (1) or (b) (2) of this section.

(c) *Termination settlements.* When a grant is terminated, the grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The granting agency shall allow full credit to the grantee for the Federal share of the non-cancelable obligations properly incurred by the grantee prior to termination.

### §74.116 Applicability to sub-grants.

Grantees shall adhere to the same standards regarding closeout, suspension, and termination of sub-grants as are prescribed in this subpart for granting agencies.

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### **Intentional gap in sequence 74.116 – 74.137**

#### **§74.138 Replacement of equipment.**

(a) Equipment may be exchanged for replacement equipment if needed. The replacement may take place either through trade-in or through sale and application of the proceeds to the acquisition cost of the replacement equipment. In either case, the transaction must be one, which a prudent person would make in like circumstances.

(b) If an additional outlay to acquire the replacement equipment is charged as a direct cost to either Federal funds or required cost-sharing or matching under a Federal award, the replacement equipment shall be subject to whatever property requirements or exemptions are applicable to that award. If the award is a grant from HHS, the full acquisition cost of the replacement equipment shall determine which provisions of this subpart apply.

(c) For any replacement not covered by paragraph (b) of this section, the provisions of this subpart applicable to the equipment replaced shall carry over to the replacement equipment. However, none of the provisions of this subpart shall carry over if (1) the Federal share of the equipment replaced was 10 percent or less or (2) the product of that share times the amount received for trade-in or sale is \$100 or less.

#### **§ 74.139 Disposition of equipment.**

When original or replacement equipment is no longer to be used in projects or programs currently or previously sponsored by the Federal Government, disposition of the equipment shall be made as follows:

(a) *Equipment with a unit acquisition cost of less than \$1,000 and equipment with no further use value.* The equipment may be retained, sold, or otherwise disposed of, with no further obligation to the Federal Government.

(b) All other equipment. (1) The equipment may be retained or sold, and the Federal Government shall have a right to an amount calculated by multiplying the current market value or the proceeds from sale by the Federal share of the equipment (see § 74.142). If part of the Federal share in the equipment came from an award under which the exemptions in § 74.135 were applicable, the amount due shall be reduced pro rata. In any case, if the equipment is sold, \$100 or 10 percent of the total sales proceeds, whichever is greater, may be deducted and retained from the amount otherwise due for selling and handling expenses.

(2) If the grantee's project or program for which or under which the equipment was acquired is still receiving grant support from the same Federal program and if the granting agency approves, the net amount due may be used for allowable costs of that project or program. Otherwise, the net amount must be remitted to the granting agency by check.

#### **§ 74.140 Equipment management requirements.**

Procedures for managing equipment (including replacement equipment) until transfer, replacement, or disposition takes place shall, as a minimum, meet the following requirements:

(a) Property records shall be maintained accurately. (Retention and access requirements for these records are explained in subpart D of this part.) For each item of equipment, the records shall include:

- (1) A description of the equipment including manufacturers model number, if any.
- (2) An identification number, such as the manufacturer's serial number.
- (3) Identification of the grant under which the recipient acquired the equipment.
- (4) The information needed to calculate the Federal share of the equipment. (See § 74.142.)
- (5) Acquisition date and unit acquisition cost.



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- (6) Locations, use, and condition of the equipment and the date the information was reported.
- (7) All pertinent information on the ultimate transfer, replacement, or disposition of the equipment.
- (b) A physical inventory of equipment shall be taken and the results reconciled with the property records at least once every 2 years to verify the existence, current utilization, and continued need for the equipment. A statistical sampling basis is acceptable. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the differences.
- (c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
- (d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
- (e) Where equipment is to be sold and the Federal Government is to have a right to part or all of the proceeds, selling procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return.

### **§ 74.141 Un-used supplies.**

- (a) This section applies to supplies that have not yet been put to use in the project or program for which they were acquired when the grant or subgrant under which they were acquired expires or is terminated.
- (b) If the unused supplies exceed \$1,000 in total aggregate fair market value and are not needed for any project or program currently or previously funded by the Federal Government, the recipient may either retain or sell the supplies, and must credit the grant as follows:
  - (1) **Retained supplies.** The credit is computed by multiplying the Federal share of the supplies times their current market value.
  - (2) **Sold supplies.** The credit is computed by multiplying the Federal share of the supplies times the proceeds from sale. However, the recipient may reduce the credit by 10% of the sales proceeds, for selling and handling expenses.
- (c) For possible exemptions from this section, see § 74.135.

## **FEDERAL SHARE OF REAL PROPERTY, EQUIPMENT, AND SUPPLIES**

### **§ 74.142 Federal share of property.**

Several sections of this subpart require a determination of the Federal (or non-Federal) share of real property, equipment, or supplies. In making such a determination, the following principles shall be observed:

- (a) *General.* (1) Except as explained in the succeeding paragraphs of this section, the Federal share of the property shall be the same percentage as the Federal share of the acquiring party's total costs under the grant during the grant or subgrant year (or other funding period) to which the acquisition cost of the property was charged. For this purpose, "costs under the grant," means allowable costs, which are either borne by the grant or counted towards satisfying a cost-sharing or matching requirement of the grant. Only costs are to be counted – not the value of third-party in-kind contributions. Moreover, if the property was acquired by a grantee that was awarded subgrants, costs incurred by its subgrantees shall be included only to the extent borne by the subgrants. (For example, if a subgrantee incurred \$200,000 of the project costs, of which \$150,000 was borne by the subgrant, only the \$150,000 shall be included in the grantee's costs.)
- (2) If the property is acquired by a subgrantee, the Federal share of the subgrantee's costs under the grant and hence of the property shall be calculated by multiplying the Federal share of the grantee's costs by the latter's share of the subgrantee's costs.

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