

**FINANCIAL MANAGEMENT STANDARDS AND PROCEDURES
FOR AREA AGENCIES ON AGING AND DISABILITY
AND THEIR SUBRECIPIENTS**

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Abbreviations Used are as follows:

1. AAAD – Area Agency on Aging & Disability (singular)
2. AAADs – Area Agencies on Aging & Disability (plural)
3. ACL– Administration for Community Living
4. CFR - Code of Federal Regulations
5. CFDA – Catalog of Federal Domestic Assistance
6. CMS – Centers for Medicare and Medicaid Services
7. Commission – The appointed Commission on Aging and Disability
8. CPO – Department of General Services Central Procurement Office
9. DUNS Number– Data Universal Numbering System or Dun & Bradstreet Number
10. F&A – Tennessee Department of Finance and Administration
11. HHS – Department of Health and Human Services
12. OAA – Older Americans Act
13. OMB – Office of Management and Budget
14. NSIP – Nutrition Supplement Incentive Program
15. TCAD – Tennessee Commission on Aging and Disability

Definitions

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Additional abbreviations and definitions can be found in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* under Title 45 Subtitle A, Part 75.

**FINANCIAL MANAGEMENT STANDARDS AND PROCEDURES
FOR AREA AGENCIES ON AGING AND DISABILITY
AND THEIR SUBRECIPIENTS**

1-1 GOVERNING REGULATIONS AND GUIDELINES

All accounting for funds received by the Tennessee Commission on Aging and Disability (TCAD) from Federal sources and disbursed to the Area Agencies on Aging and Disability (AAAD) across the state are subject to the Older Americans Act (OAA), as amended and the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* which has been codified by the Department of Health and Human Services for HHS Awards under Title 45 CFR Part 75 which is available at <http://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75>.

Records shall be maintained in accordance with Governmental Accounting Standards Board (GASB) Accounting Standards or the Financial Accounting Standards Board (FASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.

Grant expenditures shall be made in accordance with local government purchasing policies and procedures and purchasing procedures for local governments authorized under state law.

The AAAD and their subrecipients shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.

The AAAD and their subrecipients shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model (www.coso.org/IC.htm) and GAO Green Book (<https://www.gao.gov/assets/670/665712.pdf>) as the basic foundation for the internal control system. The AAAD and their subrecipients shall incorporate any additional Comptroller of the Treasury directives into its internal control system.

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Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Tennessee Commission on Aging and Disability, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.

1-2 INTRASTATE FUNDING FORMULA.

- (1) Federal funds received from ACL derived from OAA Titles III and VII are allocated to each of the AAADs as described in the *Rules of Tennessee Commission on Aging and Disability (Chapter 0030-1-10)*.
- (2) State appropriations are allocated to the AAADs as described in the *Rules of Tennessee Commission on Aging and Disability (Chapter 0030-1-10)*.
- (3) Federal funds received from ACL derived from OAA NSIP are to be allocated on a formula based upon the number of NSIP eligible meals served in the most recently available fiscal year. This basis is the same method as the formula used by ACL for the allocations on a nationwide basis.
- (4) State funds for State-Funded Home and Community Based Services for the Elderly and Disabled Adults (State Options HCBS) are allocated to the AAADs as described in the *Rules of Tennessee Commission on Aging and Disability (Chapter 0030-2-1-.03)*.
- (5) State funds for the Public Guardianship Program are allocated to the AAADs as described in TCAD-PI-2020-01.
- (6) Other grants and appropriations will be allocated according to grant and/or grant application requirements if stated.

1-3 PROCEDURES FOR FUNDING APPROVED AREA PLANS.

1-3-.01 CONTRACTING PROCEDURES FOR AAADS

- (1) Contracting Procedures
 - a. All funds awarded by TCAD to the Grantee Agency of the AAAD will be authorized by a contract between these agencies in a contract format approved by Central Procurement Office (CPO) and approved and signed by both agencies.

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- b. All funds must be expended according to the terms of the contract and as defined in the approved area plan covering the same period as the initial allocation of such funds.
 - c. Any changes or amendments to the contract between TCAD and the Grantee Agency of the AAAD will not become effective until approved and signed by both agencies.
 - d. Procedures for approval of the area plan are outlined in *Chapter 5 (Area Agency on Aging and Disability Operations and Provision of Supportive Services)* of the Program and Policy Manual.
- (2) Contracting Responsibilities for AAADs:
- a. All funds awarded by TCAD for the support of an area plan will be awarded only to the designated AAAD.
 - b. The Grantee Agency of the AAAD is authorized to enter into contracts for the conduct of activities and services under the area plan. The AAAD will, however, be held responsible by TCAD for the conduct of these services and activities according to federal and state policies and regulations. No service or activity can be provided under an area plan by any subcontract agency without a signed and approved contract.
 - c. The AAAD will monitor, on an ongoing basis, the performance of all contracting agencies under the area plan and will ensure that funds made available are expended accordingly with the purpose for which they were awarded under the area plan, that performance expectations are being achieved, and the contracting agency is in compliance with applicable Federal, State, and contractual requirements.
 - d. The Grantee Agency of the AAAD may enter into contracts only after the area plan has been approved by TCAD.
 - e. Once contracts have been executed by the Grantee Agency of the AAAD to carry out a service or activity under an approved plan, a copy of the signed, written contractual agreements will be forwarded to TCAD electronically in PDF format by August 30th of each fiscal year. These contractual agreements will be made part of the approved area plan.

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- f. Should it become necessary to issue changes and/or amendments to the contracts, noted in the paragraph above, TCAD will require the forwarding of the original contracts and amendments to TCAD electronically within 30 days of the execution of the contract amendment. This will not be required for amendments that are solely for the allocation of increased funding received from TCAD during a fiscal year and the only change is to the contract's maximum liability.
- g. If a subcontract is entered into by a service provider for the provision of services, a copy of the contract must be submitted to the AAAD, who must keep it on file at the AAAD and must make available to TCAD upon request.

1-3-.02 FUNDING ALLOCATION AND MATCHING REQUIREMENTS

- (1) Federal funds may be used to pay part of the costs of activities and services under an area plan in accordance with the following policies:
 - a. Federal funds awarded under Title III of the OAA may be used for the administration of TCAD and the AAADs subject to a limitation on the amount so applied.
 - i. TCAD may retain a maximum of 5 percent ($\leq 5\%$) of the total Title III award for the administration of the programs under the OAA or associated therewith. These funds will be taken from Title III-C and/or III-E.
 - ii. TCAD will take the balance of the Title III funds, after the amount retained for TCAD administrative activities, and allocate it to the AAADs for operating the programs under the OAA. A maximum of 10 percent ($\leq 10\%$) of this allocation will be allocated for the administration activities of the AAADs. These funds serve as the maximum federal funds that may be used in the administration of the AAAD. All funds allocated for administrative activities of the AAAD not used by the end of the fiscal year must be added to services funding in the next fiscal year in the same Title III subpart from which it was taken.

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- iii. Federal funds may be used to pay a maximum of 75 percent ($\leq 75\%$) of the costs of activities involved in the administration of TCAD and/or the AAAD.
- b. The balance of the federal award, after funds retained for administrative activities identified in paragraph “a” above, will be allocated for direct services.
- c. The AAAD will identify operating costs incurred by the AAAD for program development and coordination separate from costs applied to the administration of the AAAD. Said operating costs will be applied in accordance with requirements of the OAA to cover district-wide program development and coordination as defined under Title III-B of the program and shall be paid from the direct services funds identified in paragraph “b” above. The AAAD may use up to 10% of the Title III-B Supportive Services grant allocation (prior to any transfers) provided that the Title III-B Coordination plan has been approved in the current Area Plan.
- d. OAA Title III requires that the State must provide a minimum of 5 percent ($\geq 5\%$) match for the total funds applied to non-administrative costs in operating the programs in Title III-B, III-C1 and III-C2. These funds are provided and allocated in accordance with the Intrastate Funding Formula noted in *Section 1-2(2)* above. These funds include State Homemaker, State Nutrition and Senior Center Operations.
- e. OAA Title III requires that federal funds are a maximum of 85 percent ($\leq 85\%$) of the total cost of operating the programs under Title III-B, III-C1 and III-C2. Therefore, the funds identified in paragraph “b” above that come from these three subparts require match in addition to the amounts provided by the State in paragraph “d” above. Therefore, the combined total of these three subparts requires a matching ratio of 85-/5+/10+ (Federal 85% maximum/State 5% minimum/Local 10% minimum).
- f. OAA Title III-E requires that the federal funds cannot exceed a maximum of 75 percent ($\leq 75\%$) of the total costs of providing the services. In addition to the funds noted in paragraph “d” above, the State provides funds

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for State Caregiver Match, also known as Title III-E match. The AAAD, State Caregiver Match and/or local service providers must provide a minimum of 25 percent ($\geq 25\%$) match. Limitation - The AAAD may not use more than 10 percent of the total Federal and non-Federal share available to the AAAD to provide support services to grandparent relative caregivers.

- g. Federal funds are provided in Title III-D and Title VII for services to eligible individuals without any requirement of match. The AAAD may have required providers to furnish match in the past and, if so, may continue but services will not be reduced or restricted because of this district required match.
- (2) There is no required match for State appropriations for the Public Guardianship program.
 - (3) The AAAD is ultimately responsible for meeting the non-federal share of the costs of activities conducted under its area plan. The AAAD and/or service providers may utilize cash and/or in-kind resources in order to satisfy these matching requirements, in accordance with the following policies:
 - a. All nonfederal resources, both cash and in-kind, to be used to match the federal share of program costs must comply with the cost principles delineated in *Section 1-10* of these policies.
 - b. No cash or in-kind resources, designated for services, regardless of source, may be used to match the AAAD administration budget. However, if funds are designated for administrative use, they may be used for match.
 - c. All match requirements can be applied across the entire area plan services for Title III B, III-C-1 and III-C-2 funds. An overmatch in services within an area plan cannot offset an under match of AAAD administrative costs or Title III-E Caregiver Support Services.
 - d. State funds expended in the Options for Community Living (OPTIONS) program may be used to match Federal Title III funds so long as the expenditure is traceable to individuals who satisfy enrollment requirements of the service to which the match is applied, i.e., individuals receiving

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services paid from OPTIONS funds that qualify for Title III-E services, may be used to satisfy part or all of the match requirement of Title III-E.

- (4) Federal resources authorized under one statutory grant program may not be used to match another except when there is explicit statutory authorization for the use of federal funds to satisfy matching requirements in whole or in part. Any request to apply federal funds from one source against another federally-funded program must have prior approval from TCAD before it will be allowed. Likewise, any match for one federally-funded program cannot be used as match against another federally-funded program and must be accounted for separately.
- (5) Goods, services, supplies, space and equipment needed for the operation of a program that are donated rather than purchased may be reported as in-kind contributions. The fair market value of these donated goods, services, supplies, space, and equipment may be used as in-kind match for the non-federal/state share of a federal or state grant unless prohibited in the contract between TCAD and the AAAD. No contract between TCAD and the AAAD will prohibit in-kind match unless the prohibition is required within a federal grant award.
- (6) Summary of Minimum Matching Requirements

Program	Federal/State Maximum	Match Minimum
Title IIIC and IIIE AAAD Area Plan Administration	75% Federal	25%
Title IIIB Supportive and Title IIIC Nutrition Services	85% Federal 5% State	10%
Title IIID	100% Federal	None Required
Title IIIE	75% Federal 15% State	10%
Title VII	100% Federal	None Required
NSIP	100% Federal	None Required

1-3-.03 BUDGET YEAR AND PLAN PERIOD FOR AN AWARD.

- (1) **Plan Period.** The "plan period" is the number of years designated by TCAD during which the AAAD may be granted continuation awards and is a period of time used for budget planning. This period will be the same period covered by a State Plan approved by ACL.
- (2) **Budget Year.** For budget purposes, the plan period will be divided into budget years. Federal funds and state appropriated funds may only be awarded for one budget year, not to exceed twelve months, at one time. An exception to this will only be allowed when a federal grant is received for a limited period in excess of twelve months. The exception will not extend beyond the ending date of the grant.
- (3) **Beginning Dates.**
 - a. The beginning of a plan period is the date on which initiation of the area plan is authorized by TCAD to begin.
 - b. The first budget year will begin on the first day of July following approval the state plan period.

1-3-.04 OBLIGATION OF FEDERAL AND STATE FUNDS TO THE AAAD

- (1) TCAD cannot initiate the process of obligating funds, via contract, until an area plan is submitted by the AAAD and approved by TCAD.
- (2) TCAD may not officially obligate a fiscal year's funds prior to the beginning of that fiscal year nor after the close of that fiscal year.
- (3) No more than one entire budget year for the area plan will be funded from a single fiscal year's allotment.
- (4) Funds obligated to the AAAD, via contract, are earned only upon the actual accrual of an allowable cost and the contribution of the non-federal share of that cost during the contract year (period of performance).
- (5) The contract sets a ceiling for federal participation in the cost of operating the area plan. TCAD has no responsibility for payment of funds to an AAAD in excess of those awarded through the official contract.

1-3-.05 CARRY-OVER OF UNEARNED OBLIGATIONAL AUTHORITY.

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- (1) Unexpended and unrequested federal funds of the AAAD may be re-contracted in the next fiscal year by amendment to the subsequent fiscal year recurring contract.
- (2) Any such funds carried over, and re-contracted in the subsequent year, must be earned at the matching ratio applicable to the budget year in which the funds are earned by the AAAD.

1-3-.06 DURATION OF FEDERAL AND STATE SUPPORT TO AN AAAD AND RENEWAL REQUIREMENTS.

- (1) Awards to AAAD to support area plans will be approved for a maximum of one year.
- (2) In order to apply to TCAD for subsequent year funding, the AAAD will submit to TCAD an area plan or update in accordance with the application procedures in *Section 5* of these policies.
- (3) TCAD reserves the right to deny continuation funding, or parts thereof, if TCAD determines that the AAAD is not fulfilling its obligations assumed under the area plan.

1-3-.07 PAYMENT OF FUNDS TO AN AAAD.

- (1) Payment of funds from TCAD to an AAAD for operation of the area plan will be in the form of reimbursements.
- (2) Reimbursements to an AAAD will be made no more frequent than on a monthly basis, upon receipt of the *Invoice for Reimbursement*. *The Invoice for Reimbursements* are due in the TCAD office on or before the 20th of each month and will be reviewed for correctness. The requests will be submitted in the State's accounting system for payment within five days of completion of the review.
- (3) The AAAD may submit a *Request for Advancement of Federal Funds* to TCAD annually requesting a one-time advance under a federal contract due in April prior to the start of the fiscal year in July. The instructions, approval process and due date for this request will be provided by TCAD.

1-3-.08 PRIORITY SERVICE REQUIREMENT.

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- (1) Each area agency must spend an adequate proportion of its Title III-B supportive services funds for the following categories of services, with at least some funds being spent in each category:
 - a. Services associated with access to other services: including but not limited to information and referral, case management, transportation, and outreach (35%).
 - b. In-home services: including but not limited to homemaker, personal care, and chore maintenance (10%).
 - c. Legal assistance (2%).
- (2) TCAD, in approving an area plan or a plan amendment, may waive the requirement for any category of service for which the AAAD demonstrates to TCAD that the services provided from other sources meet the needs of older persons in the planning and service area for that category of service.

1-3-.09 MAINTENANCE OF EFFORT.

- (1) For Federal funds provided from OAA funds:
 - a. Each AAAD must assure that OAA funds are not used to replace funds from non-federal sources;
 - b. Each AAAD must agree to continue or initiate efforts to obtain support from private sources and other public organizations for services funded under the OAA.
- (2) Long-term Care Ombudsman Program (LTCOP) funding:
 - a. The AAAD will expend all Title VII-Ombudsman funds allocated within the budget year in which they are awarded.
 - b. The AAAD will assure that each year the allocation of Title III-B funds applied to the LTCOP will equal or exceed the base year requirement as issued in the OAA or the amount expended in the preceding budget year, whichever is larger.
- (3) State funds appropriated to satisfy OAA Title III match requirements: AAADs will assure that funds allocated as part of the state's required match will be expended within the budget year in which they are allocated.

1-3-.10 LONG-TERM CARE OMBUDSMAN PROGRAM.

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The OAA directs each state unit on aging operating the LTCO to maintain a “State Long-term Care Ombudsman” and one or more “Local Long-term Care Ombudsmen (LLTCO)”. The act permits TCAD to contract the LLTCO either directly from the state office or through the AAADs. TCAD is directed to determine the amount of funding that is adequate for the conduct of the LTCOP and may take Title III-B funds prior to allocating funds under the intrastate funding formula defined in Section 1-2 above. Without regard for the method of providing the LLTCO, the program must, each year, meet a Maintenance-of-Effort (MOE) by expending Title III funds equal to or greater than the funds expended in the base year plus all Title VII funds received for the year. The current base year is the year 2000 but is subject to change with each Reauthorization of the OAA.

1-4 PROCEDURES FOR FUNDING SERVICE PROVIDERS BY AAADs.

1-4-.01 AGENCIES ELIGIBLE TO CONDUCT ACTIVITIES AND SERVICES UNDER THE AREA PLAN ON BEHALF OF THE AAAD.

- (1) To conduct activities or services on its behalf, the Grantee Agency of the AAAD must enter into contracts with agencies and/or organizations willing to provide the services within their respective area.
- (2) Groups or organizations eligible for state and OAA funds must be chartered public or private agencies, organizations, or institutions. Non-governmental agencies must be chartered under the laws of the State of Tennessee. A Service Provider may be a part of a city or county government and, if part of city or county government, must operate in accordance with the charter and policy and procedures of the city or county government. Governmental agencies must be created by statute, resolution, ordinance or rule.
- (3) All subcontractors of the Grantee Agency of the AAAD who are private agencies must be incorporated in order to safeguard the interests of TCAD, the Grantee Agency of the AAAD, the subrecipient of the contract award, and the individuals who are participants in the program, unless otherwise approved by TCAD.
- (4) Subrecipients of the Grantee Agency of the AAAD who are Non-Profit organizations must abide by applicable federal, state and local laws and regulations

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regarding their non-profit status to receive funding from an AAAD or TCAD. At a minimum the non-profit organization must:

- a. Be incorporated;
 - b. Have 501(c)(3) federal tax exempt status for your organization;
 - c. Be registered with the Tennessee Division of Charitable Solicitations and Gaming or request an exemption request if the organization does not intend to solicit and does not actually raise or receive gross contributions from the public in excess of \$30,000 during a fiscal year;
 - d. Complete and Submit Annual Filings/Reports which include but are not limited to the following:
 - i. State - Annual Report with Secretary of State's Division of Business Services (for Nonprofit Corporation status)
 - ii. State – Renew Registration with the Division of Charitable Solicitations and Gaming or file Exemption Request
 - iii. Federal – File Annual 990 Report to IRS for tax exempt status
- (5) AAADs must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Refer to *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 75.330 (b) for affirmative action steps.

1-4-.02 PROCEDURES FOR AWARDING CONTRACTS FOR THE CONDUCT OF ACTIVITIES AND SERVICES UNDER THE AREA PLAN.

- (1) All contracts for the conduct of activities and services under the area plan must be developed and awarded in a manner which complies with all state and federal regulations and with all procurement standards delineated in *Section 1-8*.
- (2) The content and format of all contracts awarded by the Grantee Agency of the AAAD for the conduct of activities and services under the area plan must conform to minimum standards contained in *Section 1-8-.04*.
- (3) All contracts awarded by the Grantee Agency of the AAAD to service provider organizations to conduct activities and services under the area plan must not exceed

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the approved area plan period and must contain language limiting funding to available funds.

- (4) The Grantee agency shall use an approved Central Procurement Office contract template, as provided annually by TCAD, when entering into any and all sub-contracts with service providers/subcontractors. The AAAD must request prior approval from TCAD prior to the use of multiyear contracts. If multiyear contracts are approved, they must be amended yearly with new required language, as appropriate, and include the current year's maximum liability.
- (5) As part of the Area Plan process, a list of Sub-Contracting Agencies (including For-Profit agencies) must be submitted to TCAD for approval. Before entering into new subcontracts which were not included on the approved Sub-Contracting list, the AAAD must get written approval from TCAD.

1-4-.03 PAYMENT OF FUNDS TO SERVICE PROVIDERS.

- (1) Payment of funds to service providers by the AAAD must be made on a periodic basis as determined by contracts.
- (2) Each service provider will submit to the AAAD a signed written request for funds. The specific format and submission date of such requests may be determined by the AAAD.

1-5 FINANCIAL MANAGEMENT STANDARDS AND PROCEDURES FOR AREA AGENCIES AND SUBRECIPIENTS.

1-5-.01 ACCOUNTING SYSTEM STANDARDS.

- (1) Records shall be maintained in accordance with Governmental Accounting Standards Board (GASB) Accounting Standards or the Financial Accounting Standards Board (FASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.
- (2) AAADs and their subrecipients (other than cities, counties, and state colleges, universities, and technology centers) should comply with the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies*. Fee-for-service and performance-based contracts are exempt from this policy.

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- (3) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds.
- (4) The financial management system must provide for the following:
 - a. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the HHS awarding agency and name of the pass-through entity, if any.
 - b. Accurate, current, and complete disclosure of the financial results of each Federal award or program.
 - c. Records that identify adequately the source and application of funds for federally-funded activities.
 - d. Effective control over, and accountability for, all funds, property, and other assets.
 - e. Comparison of expenditures with budget amounts for each Federal award.
 - f. Written fiscal policies and procedures that addresses the administrative and fiscal policies that govern their operation and management.

1-5-.02 INVOICE AND FISCAL REPORTING REQUIREMENTS.

- (1) The AAAD will submit via email to TCAD fiscal staff a monthly *Invoice for Reimbursement (IFR)* by the 20th of the month in accordance with the workbook provided by the State. Supporting documentation for the invoice for reimbursement shall include SAMs statistical reports that reconcile to the Provider invoices and General Ledger trial balance that proves administrative reimbursement requested. SAMs statistical reports and General Ledger trial balances must be submitted monthly with the IFR workbook. Copies of Provider invoices must be provided to TCAD upon request. Instructions for the *Invoice for Reimbursement* are provided by TCAD with the workbook.
- (2) All invoices will be submitted to TCAD utilizing electronic files in the format furnished by TCAD. These files will be either a spreadsheet or database format.

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This invoice file will contain accurate information received from service provider agencies, subcontractors and the AAAD operations. As programs are added and/or changed, the files will be revised by TCAD and given to the AAADs for use from that time forward.

- (3) All Invoices for Reimbursement must agree with the audit report issued for the grantee agency or a reconciliation must be prepared and submitted to TCAD along with the audit report when it is submitted.

1-5-.03 ANNUAL CLOSEOUT OF CONTRACT.

The AAAD shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days (unless the contract states a different timeframe) of the Grant Contract end date, form and substance acceptable to TCAD.

1-5-.04 ANNUAL REPORT REQUIREMENTS

The AAAD shall submit, within three (3) months of the conclusion of each contract year, an annual report. The AAAD shall submit annual and final reports to TCAD and the Department of Finance and Administration (F&A). At a minimum, annual and final reports shall include: (a) the AAAD's name; (b) a narrative section that describes the program's goals, outcomes, successes and setbacks, whether the AAAD used benchmarks or indicators to determine progress, and whether any proposed activities were not completed; and (c) other relevant details requested by TCAD.

1-5-.05 INTERNAL CONTROLS.

- (1) The AAAD and its subrecipients must establish and maintain effective internal controls over the Federal and State award that provides reasonable assurance that the agency is managing the award in compliance with Federal and State statutes, regulations, and the terms and conditions of the Federal and State awards.
- (2) The AAAD and its subrecipients shall establish a system of internal controls that utilize the COSO Internal Control Integrated Framework model and GAO Green Book (<https://www.gao.gov/assets/670/665712.pdf>) as the basic foundation for the internal control system. See Attachment A.
- (3) The COSO Internal Control-Integrated Framework and GAO Green Book consists of five interrelated components as follows:

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- a. Control Environment
- b. Risk Assessment
- c. Control Activities
- d. Information & Communication
- e. Monitoring Activities

1-5-.06 INDIRECT COST.

- (1) The grantee agency must develop a plan for allocation of costs to support the distribution of any joint costs related to the grant program and submit the indirect cost allocation plan to their cognizant agency for approval.
- (2) The Tennessee Department of Finance and Administration (F&A) is responsible for determining the cognizant agency for subrecipients affected by Policy 03 who received payments from the State of Tennessee. Policy Statement 03 sets forth guidelines to be used in the allocation of costs for recipients of grants from state departments or agencies.
- (3) The Indirect Cost Allocation Plan submitted to TCAD for approval should include, at a minimum, the following:
 - a. A narrative describing in detail the methods used to allocate costs to the various programs.
 - b. The plan should include an organizational chart and documents and schedules to support the allocation methods.
- (4) For AAADs whose cognizant agency is not TCAD, a copy of the approval letter from their cognizant agency should be submitted to TCAD annually.

1-5-.07 INSURANCE & BONDING

- (1) **INSURANCE.** The AAAD shall assure that it and all agencies, organizations, and individuals providing services under the Area Plan provide a statement of self-insured status or procure and maintain payment of premiums on policies of insurance coverage to:
 - a. Adequately protect personal and real property whose acquisitions cost was borne in whole or in part as a direct charge to OAA funds or state funds from loss or damage; and

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- b. Adequately cover all claims which may arise related to accidents involving personal injuries and/or use of products and services under the Area Plan.
- (2) BONDING. The AAAD shall requires agencies, organizations, and individuals providing services under the Area Plan to obtain sufficient bond coverage for protection of the AAAD and the State Agency from theft, forgery, embezzlement, and fraud losses by the service provider agency, any of its agents or employees, full or part-time.

1-5-.08 MAINTENANCE OF FINANCIAL RECORDS.

- (1) All accounting records, supporting documents, statistical records, and all other records pertinent to the grant or contract are to be kept readily available for examination by personnel authorized to examine accounts of funds made available through TCAD.
- (2) In no case shall the records be maintained for a period of less than five (5) years from the date of final payment.

1-5-.09 AVAILABILITY AND ACCESS TO RECORDS.

- (1) All books and records relative to programs funded by TCAD will remain accessible to TCAD and any State or Federal agency, or their authorized representatives, with rights of oversight of the program. Said books and records will be retained for the purposes of making audit, examination excerpts, and transcripts.
- (2) TCAD places no restrictions on the non-Federal entity which will limit public access to the non-Federal entity's records, except for:
- a. protected personally identifiable information (PII), or
 - b. when TCAD can demonstrate that such records will be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act, or
 - c. controlled unclassified information pursuant to Executive Order 13556 if the records had belonged to TCAD.

1-5-.10 CONFIDENTIALITY OF RECORDS

- (1) Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information,

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regardless of form, medium or method of communication, provided to the AAAD or its subrecipients by TCAD or acquired on behalf of TCAD that is regarded as confidential under state or federal law shall be regarded as “Confidential Information”. Confidential information shall not be disclosed except as required or permitted under state or federal law.

- (2) Confidentiality of requirements for participant information can be found in TCAD Rules 0030-1-5-.08.

1-6 SUBRECIPIENT MONITORING AND MANAGEMENT.

- (1) The AAAD should develop and implement a review schedule for monitoring all services funded with Federal and State funds provided by TCAD. The AAAD shall monitor all service providers at least annually using monitoring tools approved by TCAD that are based on the *Program and Policy Manual*. If deficiencies that result in a finding are found during the monitoring process, the AAAD shall require the service provider to submit a Plan of Correction and conduct follow-up monitoring until all findings are resolved. If findings are not resolved to the satisfaction of the AAAD, the AAAD may take any type of correction action, including but not limited to, termination of the contract.
- (2) In determining whether a Service Provider is a subrecipient or a contractor, refer to HHS *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* in section 75.351.

1-7 GENERAL AUDIT REQUIREMENTS AND RESPONSIBILITIES.

- (1) Each non-federal entity that receives financial assistance through TCAD that expends \$750,000 or more during the non-federal entity’s fiscal year in Federal awards must have an audit conducted for that year in accordance with the U.S. Office of Management and Budget’s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The AAAD and its subrecipients shall be audited in accordance with applicable Tennessee law.

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- (2) If an agency or contractor receives less than the amount of federal funds to be required to have an audit and the agency issuing the contract or grant deems it necessary for an audit to be conducted regardless of the total funds received, the cost of such audit will be paid by the agency requiring the audit.
- (3) The audit, if required by OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, must be completed and data collection submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.
- (4) The Federal Audit Clearinghouse (FAC) (<https://harvester.census.gov/facweb/>) is the repository of record for submission of the audit reporting package as required in U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, section 200.512.
- (5) A copy of the required audit report shall also be provided to the Tennessee Comptroller of the Treasury by the licensed, independent public accountant. In no case shall the audit be filed no later than six (6) months following the period audited, without explanation to the Comptroller of the Treasury, State of Tennessee and the organization. Audit reports shall be made available to the public (unless restricted by Federal statutes or regulations).
- (6) Audit Resolution.

The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. The auditee must also prepare a corrective action plan for current year audit findings.
- (7) TCAD/AAAD Follow-Up
 - a. The Pass Thru Entity (TCAD and/or the AAAD) must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients. Refer to section 200.521 of *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
 - b. The management decision letter must be issued within six months of acceptance of the audit report by the FAC.

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- c. If audit findings of a subrecipient are deemed sufficiently serious, TCAD and/or AAAD may immediately begin suspension or termination procedures.

1-8 PROCUREMENT STANDARDS.

1-8-.01 GENERAL PROCUREMENT STANDARDS.

This section provides standards for use by the Grantee Agency of the AAADs and their subrecipients and contractors in establishing procedures for the procurement of supplies, equipment, construction, and other services whose cost is borne in whole or in part as a direct charge to federal or state aging funds.

- (1) Procurements shall be competitive where practicable. The Grantee Agency of the AAAD and its subrecipients shall comply with 2 CFR 200.318-200.326 when procuring property and services under a federal award.
- (2) When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds.
- (3) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in section 200.318 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- (4) The non-Federal entity must maintain oversight to ensure that contractors perform in accordance with terms, conditions and specifications of the contract or purchase orders.
- (5) Code of Conduct
 - a. The non-federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal or state award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when any of the following

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has a financial or other interest in or a tangible personal benefit from a firm considered for that contract:

- i. The employee, officer or agent;
 - ii. Any member of his or her immediate family;
 - iii. His or her partner;
 - iv. An organization which employs or is about to employ any of the parties indicated herein.
 - b. The non-Federal entity's officers, employees, or agents will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, the non-Federal entity may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
 - c. To the extent permissible under state or local laws, rules or regulations, such standards shall provide for disciplinary actions to be applied for violations of such standards either by the officers, employees, or agents of the non-Federal entity.
 - d. If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest.
- (6) Proposed procurement procedures must avoid acquisition of unnecessary or duplicative items.
- (7) Contracts will be made by the non-Federal entity only to responsible contractors who possess the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration must be given to such matters as contractor integrity, compliance with public policy, record of past performances, and financial and technical resources.
- (8) The procurement records or files of the non-Federal entity must be sufficient to detail the history of procurement. The records will include, but are not necessarily limited to the following:
- a. Rationale for the method of procurement;

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- b. Selection of contract type;
 - c. Contractor selection or rejection;
 - d. The basis for the cost or price.
- (9) The standards contained in this section do not relieve the AAAD or their subcontractors of their responsibilities arising under its contracts. The contracting agency is responsible, in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurements. This includes but is not limited to source evaluation, protests, disputes, and claims. Matters concerning violation of law are to be referred to such local, tribal, state, or federal authority having proper jurisdiction.
- (10) The type of procuring instruments used must be determined by the recipient but shall be appropriate for the particular procurement and for promoting the best interest of the project or program involved.

1-8-.02 COMPETITION.

- (1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards in section 200.319 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- (2) In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develops or drafts specifications, requirements, a statement of work, an invitation for bids or a request for proposals must be excluded from competing for such procurement.
- (3) Procurements must be conducted in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference.
- (4) Written procedures for procurement transactions must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured and identify all requirements which offerors must fulfill and other factors to be used in evaluating bids or proposals.

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- (5) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition.

1-8-.03 METHODS OF PROCUREMENT.

Methods of procurement must follow applicable state and federal regulations. Non-federal entities are encouraged to use competitive methods whenever practicable; however the following minimum standards apply (accurate as of revision date of this Chapter).

Procurement Requirements:

<u>Procurement Types</u>	<u>Minimum Requirements</u>
Micro-purchase (< \$3,000)	No competitive quotes required
<u>Procurement Types</u>	<u>Minimum Requirements</u>
Small Purchase (\$3,000-\$10,000)	Price or rate quotations must be obtained from an adequate number of qualified sources
Informal Solicitation (\$10,000-\$50,000)	Solicit quotes or proposals from at least three (3) vendors
Competitive Proposals (> \$50,000)	Requests for proposals must be publicized from an adequate number of qualified sources

Procurement of goods and services must adhere to the State of Tennessee purchasing procedures.

1-8-.04 CONTRACT PROVISIONS.

- (1) This sub-section contains requirements relating to provisions that must be included in contracts that are subject to this section. The requirements must also apply to sub-contracts, and the term "contracts" in this section will be construed as including sub-contracts.
- (2) The recipient of award shall include provisions to define a sound and complete agreement in all contracts which it awards when the contract costs are to be borne as a direct charge, in whole or in part, by federal and/or state aging funds.
- (3) The Central Procurement Office (CPO) establishes standards for contracting of all state agencies. This office provides template formats for contracts to be issued by

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all state agencies. These templates are updated on a regular basis by CPO. The recipient of award must request from TCAD the appropriate contract template prior to the establishment of any subcontracts. All language requirements within the contract templates will be followed in awarding any state and/or federal funds received under contracts with TCAD.

- (4) The AAAD will comply with minimum requirements for sub-contracts as detailed in section A of the current Federal and State contracts with TCAD and with other provisions of the contract.
- (5) Public Notice Clause: All notices, informational pamphlets, press releases, research reports, signs and similar public notices prepared and released by the subrecipient or contractor in relation to the Grant Contract must include the statement, 'This project is funded under a grant contract with the State of Tennessee'.

1-9 PROPERTY MANAGEMENT REQUIREMENTS

- (1) Section 75.317 through 75.323 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* set forth uniform standards governing management and disposition of property furnished by HHS (through TCAD) or whose cost was charged directly to a project supported by an HHS Award.
- (2) The non-Federal entity may use its own property management standards and procedures provided they meet the provisions of the sections noted in (1) above.
- (3) The Grant Contract between TCAD and the Grantee Agency of the AAAD does not involve the acquisition and disposition of equipment or motor vehicles acquired with federal and state funds provided. The term “equipment” shall include any article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000. The term “motor vehicle” shall include any article of tangible personal property that is required to be registered in the “Tennessee Motor Vehicle Title and Registration Law”, Tenn. Code Ann. Title 55, Chapters 1-6.

1-10 COST PRINCIPLES APPLICABLE TO GRANTS AND CONTRACTS.

1-10-.01 PURPOSE AND SCOPE.

- (1) Objectives. This section sets forth principles for determining the allowable costs of the aging programs administered by agencies under grants from, and the contracts with, the ACL, or TCAD, or AAAD. The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of federal and state or local participation in the financing of a particular grant. They are designed to provide that federally or state-funded programs bear their fair share of costs recognized under these principles, except where restricted or prohibited by law.
- (2) Applicability. These principles will be applied in determining the allowable costs of work performed by the non-Federal entity. The principles do not apply to:
 - a. Arrangements under which Federal financing is in the form of loans, scholarships, fellowships, traineeships, or other fixed amounts based on such items as education allowance or published tuition rates and fees.
 - b. For institutions of higher education, capitation awards, which are awards based on case counts or number of beneficiaries according to the terms and conditions of the Federal award.
 - c. Fixed amount awards.
 - d. Federal awards to hospitals.
 - e. Other awards under which the non-Federal entity is not required to account to the Federal Government for actual costs incurred.
- (3) Policy Guides. The application of these principles is based upon the fundamental premise that:
 - a. The non-Federal entity is responsible for the efficient and effective administration of federal and state aging funds through the application of sound management practices.
 - b. The non-federal entity assumes the responsibility for administering federal and state aging funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the contract award.
 - c. The non-Federal entity, in recognition of its own unique combination of staff, facilities and experience, will have the primary responsibility for

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employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration.

- d. The application of these cost principles should require no significant changes in the internal accounting policies and practices; however, the accounting practices must be consistent with these cost principles.
- e. The non-Federal entity may not earn or keep any profit resulting from Federal or State financial assistance, unless explicitly authorized by the terms and conditions of the Federal award.

1-10-.02 BASIC GUIDELINES.

- (1) Guidelines relative to the Cost Principles for federal awards are identified in Part 75, Subpart E of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*.
- (2) Composition of Costs: The total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits.
- (3) Factors affecting allowability of costs:
 - a. Be necessary and reasonable for the performance of the award and be allocable thereto.
 - b. Conform to any limitations or exclusions set forth in the Subpart E, Cost Principles, or in the Federal award as to types or amount of cost items.
 - c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the agency.
 - d. Be accorded consistent treatment. A cost may not be assigned to a Federal award as direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - e. Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only.
 - f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
 - g. Be adequately documented.

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- (4) Tennessee Department of Finance and Administration, Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies* also establish uniform reporting requirements and development of efficient and effective cost allocation plans.

1-10-.03 SELECTED ITEMS OF COSTS.

2 CFR sections 200.420 through 200.475 (HHS Part 75.420-75.475) provide principles to be applied in establishing the allowability of certain items of cost for the conduct of programs for aging and disabled Tennesseans. These standards will apply irrespective of whether a particular item of cost is treated as a direct or indirect cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment provided for similar or related items of cost, and based on the principles described in 2 CFR sections 200.402 through 200.411 (HHS Part 75, sections 75.402 through 75.411).

1-11 STANDARDS APPLICABLE TO PARTICIPANT CONTRIBUTIONS AND COST SHARE.

1-11-.01 VOLUNTARY PARTICIPANT CONTRIBUTIONS.

- (1) In General.-Voluntary contributions shall be allowed and may be solicited for all services for which funds are received under the Older Americans Act if the method of solicitation is noncoercive. Such contributions shall be encouraged for individuals whose self-declared income is at or above 185 percent of the poverty line, at contribution levels based on the actual cost of services.
- (2) Prohibited Acts.-The area agency on aging and service providers shall not means test for any service for which contributions are accepted or deny services to any individuals who does not contribute to the cost of the service.
- (3) Required Acts.

The area agency on aging shall ensure that each service provider will:

- a. provide each program recipient with an opportunity to contribute toward the cost of the service provided;
- b. clearly inform each program recipient that there is no obligation to contribute and that the contribution is purely voluntary;

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- c. protect the privacy and confidentiality of each participant with respect to the recipient's contribution or lack of contribution;
 - d. establish appropriate procedures to safeguard and account for all contributions;
 - e. use all contributions collected to expand the service for which contributions were given and supplement (not supplant) funds received.
- (4) Suggested Contribution Schedule
- a. Each service provider may develop a suggested contribution schedule for services provided. In developing a contribution schedule, the provider shall consider the income ranges of older persons in the community.
 - b. The suggested contribution schedule will be posted conspicuously at all service sites and should include:
 - 1. The cost of a unit of service;
 - 2. A statement that state staff, AAAD staff and guests must pay the program cost.
- (5) Procedures for Collecting Contributions.
- a. Each location will provide a locked and conspicuously marked container for the collection of participant contributions.
 - b. Each location will provide small envelopes for use by participants in transferring their individual contributions to the collection container.
 - c. Each collection container will be permanently marked identifying the location where it is used.
- (6) Policy on Internal Control of Contributions
- a. A minimum of two persons must be present when contributions are counted.
 - b. Reasonable care should be used in safeguarding contributions collected, including locking cash in secure storage facilities and making timely deposits to an appropriate account to prevent on site storage of significant amounts of cash.
 - c. The total of each day's contributions must be deposited into a dedicated account at an FDIC insured institution.

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- d. Receipts will be included in the accounting records and be clearly identifiable as participant contributions for the particular program in which they were received.
 - e. Documentation of cash received at each site, provider or vehicle will be reconciled monthly with the accounting records.
 - f. All individuals handling contributions will be covered by a fidelity coverage.
- (7) Accounting and Use of Participant Contributions.
- a. All contributions made by older persons who are recipients of services are considered program income and reported as “Participant Contributions”.
 - b. All aging program contributions must be used to expand the services of the provider as outlined in the area plan. Nutrition service providers will use contributions to increase the number of meals served, to facilitate access to nutrition services, and to provide other supportive services directly related to nutrition services.

1-11-.02 **COST SHARING**

- (1) Rules regarding Cost Sharing for Aging Programs:
- a. Each AAAD shall adhere to cost sharing requirements for services funded by the Older American Act as detailed in the *Rules of Tennessee Commission on Aging and Disability* (Chapter 0030-1-7).
 - b. Each AAAD shall adhere to cost sharing requirements for the state-funded home and community based services program as detailed in the *Rules of Tennessee Commission on Aging and Disability* (Chapter 0030-2-1.02).
- (2) Cost Sharing is not permitted for the following services:
- a. Information and assistance, outreach, benefits counseling, or case management services.
 - b. Ombudsman, elder abuse prevention, legal assistance, or other consumer protection services.
 - c. Congregate and Home Delivered meals.
 - d. Any services delivered through tribal organizations.

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- (3) Each AAAD shall utilize a sliding fee scale to determine the amount a consumer of service must pay toward the cost of services the recipient receives with the following considerations:
 - a. Cost sharing shall be based solely on household income and the cost of delivering services to determine the cost share.
 - b. The AAAD shall determine eligibility for cost share by declaration of income with no requirement for verification.
 - c. The AAAD shall not consider any assets, saving, or other property owned by the individual when defining low-income individual who is exempt from cost sharing, when creating a sliding scale for cost sharing or when seeking contributions.
 - d. The AAAD shall utilize the Cost Share Worksheet, Appendix F in Chapter 16 of these Policies, to calculate the estimated cost share.
- (4) Collecting and Accounting for Cost Share shall include at a minimum the following:
 - a. Provide consumer with an enrollment letter with the estimated amount of the individual's cost share.
 - b. Collect consumer's cost share obligations utilizing an invoice format at least quarterly.
 - c. Issue a receipt of payment to any consumer of service making a payment.
 - d. Safeguard all funds collected including a record of accounts receivable for each consumer.
 - e. Use methods for receiving cost share payments and contributions that protect the privacy and confidentiality of each older individual.
 - f. Make a good faith effort to collect cost sharing obligations above \$25 per month. TCAD may approve a waiver for the AAAD if:
 - i. A significant proportion of persons receiving HCBS have low incomes below the threshold established by TCAD; or
 - ii. Cost sharing would be an unreasonable administrative or financial burden on the AAAD.

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- g. Not deny any service for which funds are received for an older individual due to income or failure to make a cost share payment.
 - h. Ensure that consumers of services who are not subject to cost sharing be given an opportunity to make a voluntary contribution toward the cost of the service being provided.
- (5) All cost share collected shall be utilized by the AAAD to expand the service for which such payment was given.

1-12 PROCEDURES FOR THE MAINTENANCE OF A PETTY CASH FUND.

Petty cash funds will be limited to the amount of funds needed for minor purchases of goods or services on a daily basis that require immediate payment and a check is not immediately available, not to exceed a maximum level of \$100. Petty cash funds will be further limited to no more than is usually necessary for a reasonable amount of time not to exceed one (1) month. If a petty cash fund is used it must be maintained with the following guidelines:

- (1) All disbursements made from the petty cash fund must be supported by a petty cash disbursement voucher and/or a receipt, as a back-up document.
- (2) Petty cash disbursements must be shown in the accounting records under the appropriate line item for which the payment was made.
- (3) The petty cash fund should be reimbursed at least quarterly to bring the fund back up to its maximum level.
- (4) One individual, who is solely responsible for maintenance of the fund, should be designated as the petty cash custodian.

1-13 PROCEDURES FOR REIMBURSEMENT OF TRAVEL EXPENSES.

1-13-.01 IN-STATE TRAVEL.

- (1) In-state travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees, board members, and advisory committee members who are in travel status on official business incident to the program.

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- (2) Such costs may be reimbursed on a basis consistent with the State of Tennessee Comprehensive Travel Regulations (Finance & Administration Accounting Policies -Policy 08).

1-13-.02 OUT-OF-STATE TRAVEL.

- (1) If out-of-state travel is expected and is detailed in the AAAD's annual area plan, approval of the plan will constitute approval of such detailed travel. If there are any changes to the details noted in the area plan, the request for approval will be required.
- (2) Out-of-state travel requests by AAAD staff, not included in the Area Plan, must be submitted in writing to TCAD at least 10 working days prior to the travel. The executive director of TCAD will respond in writing, either approving or disapproving the out-of-state travel. For some conferences or workshops, TCAD will issue a blanket travel approval which will eliminate the need for written requests.

1-13-.03 FOREIGN TRAVEL.

Foreign travel is not allowable without the specific written approval of TCAD. Travel outside the continental forty-eight (48) United States will be considered as foreign travel for purposes of this policy.

ATTACHMENT A

**COSO INTERNAL CONTROL –
INTEGRATED FRAMEWORK PRINCIPLES**

