

CALIFORNIA DEPARTMENT OF AGING

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**PROGRAM MEMO**

CDA 1014 (Rev. 04/11)

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| TO: Area Agency on Aging Directors and Fiscal Officers | NO.: PM 12-14(P) |
| SUBJECT: Recovery of Audit Determinations and Closeout Unearned Funds | DATE ISSUED: September 21, 2012 |
| REVISED: | EXPIRES: Until Superseded |
| REFERENCES: | SUPERSEDES: |
| PROGRAMS AFFECTED: <input type="checkbox"/> All <input checked="" type="checkbox"/> Title III-B <input checked="" type="checkbox"/> Title III-C1/C2 <input checked="" type="checkbox"/> Title III-D <input checked="" type="checkbox"/> Title III-E <input checked="" type="checkbox"/> Title V <input checked="" type="checkbox"/> CBSP <input type="checkbox"/> MSSP <input checked="" type="checkbox"/> Title VII <input type="checkbox"/> CBAS <input type="checkbox"/> Other: | |
| REASON FOR PROGRAM MEMO: <input type="checkbox"/> Change in Law or Regulation <input type="checkbox"/> Response to Inquiry <input checked="" type="checkbox"/> Other: Policy Change | |

Purpose This Program Memo is to notify Area Agencies on Aging (AAA) of a policy change in the way the California Department of Aging (CDA) recovers federal funds for audit determinations and unearned advances.

Policy Change Beginning with the current Area Plan (AP) Financial Closeouts for State Fiscal Year (SFY) 2011/12, CDA will recover all federal Title III and VII audit determinations (questioned costs) and unearned funds by invoicing the AAA. AAAs will no longer be able to apply federal audit determinations and unearned funds as advance offsets in a subsequent fiscal year.

Former Policy Formerly, CDA recovered federal Title III and VII audit questioned costs and unearned advances from AAAs by applying those amounts against the next SFY advances through the AP Closeout process. CDA then reallocated these funds in in the subsequent SFY following the Intrastate Funding Formula.

This former practice was acceptable from the federal point of view because federal funds were still available to spend in the first three months of the new SFY where the prior Federal Fiscal Year overlaps the new SFY.

Continued on next page

**Former
Policy,
continued**

However, this reconciliation of AAA closeouts occurred after the prior SFY's books were closed and did not allow CDA to meet State requirements for recording the recovered funds in the appropriate year. The State Controller's Office notified CDA it will no longer accept adjustments to prior-year expenditures after the SFY has ended.

**Programs
Affected**

The new policy of collecting federal funds owed instead of netting them out against the next SFY's advances affects the following Older Americans Act programs:

- Title III B
- Title III C1
- Title III C2
- Title III D
- Title III E
- Title VII
- *Title V
- *HICAP

*NOTE: This is not a policy change for Title V and HICAP. These programs have always been billed for Closeout and Audit recoveries.

Questions

For information related to this new policy, please contact your assigned AAA Fiscal Team Specialist.



Lora Connolly
Director