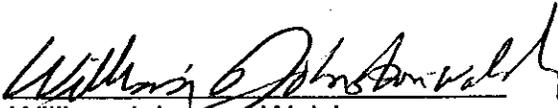


 COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF AGING Harrisburg, PA 17101	PENNSYLVANIA DEPARTMENT OF AGING	
	1. File Number: APD # 06-01-14	2. Disposition:
	3. Issuance Date: February 9, 2007	4. Effective Date: Immediate
	5. Program Area: AAA Administration	
6. Origin: Bureau of Program Integrity	7. Contact: Division of Financial Operations (717) 783-6207	

AGING PROGRAM DIRECTIVE

SUBJECT: AAA COST SETTLEMENT PROCESS

**TO: COUNTY COMMISSIONERS CHAIRPERSONS, NON-PROFIT
AAA GOVERNING BOARDS**

FROM: 
 William Johnston-Walsh
 Deputy Secretary
 Pennsylvania Department of Aging


 Ivonne Gutiérrez Bucher
 Chief of Staff
 Pennsylvania Department of Aging

REGULATORY REFERENCES: OMB Circular A-122, Cost Principles for Non-Profit Organizations
 OMB Circular A-87, Cost Principles for Government Agencies
 Act 1982-266 Amended, Computation of Interest Penalties

PURPOSE: The purpose of this Aging Program Directive is to formalize the process by which the Pennsylvania Department of Aging (PDA) performs its cost settlement actions.

BACKGROUND: PDA is required to provide fiscal oversight for all funding passed through to AAAs for the operation of local aging programs. A key component of this responsibility is the financial reconciliation of the funds to ensure their usage for the intended purposes. As noted in the cooperative agreements, all unexpended funds are to be returned to PDA.

Historically, the majority of the AAAs in the aging network have been responsive to meeting this requirement. However, a lack of timely response from one or more agencies has caused PDA to develop this collection process.

CONTENT: A. Process Defined

Each year in mid-September, the Bureau of Program Integrity (BPI) will summarize payment information that has been submitted by each AAA and forward a letter to all AAAs (attachment 1) informing them of their reported amounts per PDA's computer files. AAAs will then be given 30 days in which to review this document and, if desired, submit a letter requesting recalculation of the reported amounts based on any mitigating circumstances that they deem appropriate.

Beginning in mid-November, the Bureau of Administrative Services will initiate the actual collection process by sending each AAA a notification letter (attachment 2). This letter will request repayment of any unspent funds in excess of \$10 be returned to PDA within 60 days. If an AAA owes PDA a reimbursement amount and does not remit payment after 60 days a dunning letter will be sent in mid-January as a reminder of the outstanding amount and will request the amount due be paid within 30 days (attachment 3). In the event payment is not received by mid-February, a second dunning letter will go out from PDA to the respective county commissioners/executive boards notifying them of the overdue obligation. This letter will request payment within 15 days and will notify the supervising organization of any subsequent actions PDA will take should the payment not be forthcoming within the allotted time (attachment 4). Taking into account any mitigating factors, PDA's response option(s) may include one or more of the following:

- Withholding future payments until such time as restitution is made.
- Initiation of an assessment of an interest penalty retroactive to January 15, (YEAR) until such time as the obligation is paid (based on the annual interest rate determined by the Pennsylvania Secretary of Revenue).
- Adjusting the outstanding amount from the AAA's next June payment.
- Other actions (as delineated in the letter).

B. AAA Correspondence

At any point in this process the AAAs can forward correspondence for consideration. However, once the process has entered the collection phase (Mid-November), the only support materials that will be considered are:

- Written documentation reflecting that the Department granted prior approval.
- Documentation from your independent auditor that supports a change to this settlement report.

Thank you for your cooperation in this process. Any questions or concerns should be addressed to the Bureau of Program Integrity's Division of Financial Operations at (717) 783-6207.

COMMONWEALTH OF PENNSYLVANIA
Department of Aging

DATE: Month XX, 20XX

TO: Area Agency on Aging (AAA) Directors

FROM: Dennis Hopkins, Director
Bureau of Program Integrity

SUBJECT: **Fiscal Year (FY) 2003-04 Settlement Letter**

The Department is in the process of closing its financial records for the State Fiscal Year (SFY) 200X-XX. To complete this action, AAA settlements must be completed. AAA-submitted Program and Financial Reports (PFRs) and other PDA payment data have been developed to facilitate reconciliation.

Attached you will find a copy of the preliminary settlement report for your agency. If the stated "Balance Due" is:

- 0 – Your reported expenditures were reconciled to the payments issued and no money is due to or from your agency.
- Positive amount – Your organization's reported expenditures (as reconciled) were less than the payments issued and the amount shown is due to the Department.
- Negative number – Your agency's reported expenditures (as reconciled) were in excess of the payments issued and the Department will credit your account in the subsequent year.

A response is required from your agency if your "Balance Due" amount is a positive sum. If you are in concurrence with the amount owed, please remit your payment to:

Pennsylvania Department of Aging
Bureau of Administrative Services
c/o R. Dan Ainscough
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1919

If you believe that the "Balance Due" amount is incorrect, you may submit a statement accompanied by the following forms of support:

- Written documentation reflecting that the Department granted prior approval.
- Documentation from your independent auditor that supports a change to this settlement report.

Please address your request for re-consideration to the following address:

Attachment 1

**Pennsylvania Department of Aging
Bureau of Program Integrity
c/o Leo LaPlante
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1919**

Or via email to: llaplante@state.pa.us

In either instance, your reply is due to the Department by the close of business on Month XX, 20XX. At that time the Department's collection process for any outstanding amounts will begin.

If you have any questions regarding this, please contact Lou Sprague or Rob Heinlen at (717) 783-6207 or via email at lsprague@state.pa.us rheinlen@state.pa.us respectively. Thank you for your cooperation.

Attachment

DATE

AAA Director
TITLE
AAA
STREET ADDRESS
CITY, PA 15501

Dear AAA Director:

The Pennsylvania Department of Aging (PDA) has recently completed its review of your program's financial reports as submitted for the fiscal year ended DATE. Attachment 1 is a summary of these efforts identifying your final allocation amount, the total of PDA authorized payments, your agency's reported expenditures and any adjustments authorized by the PDA. This schedule also stipulates a net settlement amount.

In the event attachment 1 denotes a balance due from your organization to the PDA, please remit a check within 60 days of the date of this letter to the following address:

**Pennsylvania Department of Aging
Bureau of Administrative Services
c/o R. Dan Ainscough
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1919**

Should you have any questions or concerns related to this matter, please contact Mr. Rob Heinlen, Division of Fiscal Management and Support Services, at (717) 783-3126 or via e-mail at rheinlen@state.pa.us.

Sincerely,

R. Dan Ainscough, Director
Bureau of Administrative Services

RDA/RH/fy
cc: File

Attachment 2

DATE

AAA Director
TITLE
AAA
STREET ADDRESS
CITY, PA 15501

Dear AAA Director:

On (date of initial notification) the Department sent a letter to your agency notifying it of outstanding amounts owed to the Pennsylvania Department of Aging (PDA) for the Fiscal Year _____ and requested payment within 60 days. As of this date, payment has not been received for this obligation. Please forward the outstanding amount of \$ _____ to the following address within 30 days of the date of this letter:

**Pennsylvania Department of Aging
Bureau of Administrative Services
c/o R. Dan Ainscough
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1919**

Should you have any questions or concerns related to this matter, please contact Mr. Rob Heinlen, Division of Fiscal Management and Support Services, at (717) 783-3126 or via e-mail at rheinlen@state.pa.us.

Sincerely,

R. Dan Ainscough, Director
Bureau of Administrative Services

RDA/RH/fy
cc: File

DATE

COUNTY COMMISSIONER/BOARD OF DIRECTORS
TITLE
AAA
STREET ADDRESS
CITY, PA 15501

Dear COMMISSIONER:

On (date of initial notification) your Area Agency on Aging was sent an initial notification letter regarding \$_____ that is owed to the Pennsylvania Department of Aging (PDA) for unused funds for the Fiscal Year _____ and requested remittance within 60 days. On (date of first dunning letter) your AAA was sent a dunning letter reminding it of the obligation and requesting payment of the outstanding amount within 30 days. To date, payment of the obligation has not been received. I would respectfully request your prompt intervention as this debt is now considerably past due. Please have your agency forward the outstanding amount shown on Attachment 1 to the following address within 15 days of the date of this letter:

**Pennsylvania Department of Aging
Bureau of Administrative Services
c/o R. Dan Ainscough
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1919**

In the event payment is not received within the aforementioned time period, PDA will take the following action(s):

- Withhold future payments until remittance is made.
- Initiate an assessment of an interest penalty of 7%* per annum (= .000192 per \$1.00 per day) retroactive to _____ until such time as the obligation is paid.
- Adjust the outstanding amount from your upcoming June 2006 payment.

*-The interest rate is established annually by the Secretary of the Budget. For payments made in CY 2006, see Administrative Circular 06-04, Computation of Interest Penalties, Act 1982-266 Amended.

Should you have any questions or concerns related to this matter, please contact Mr. Dan Ainscough, Director, Bureau of Administrative Services, at (717) 783-3126 or via e-mail at rainscough@state.pa.us.

Sincerely,

Responsible PDA Party
Title