



Connecting Older Adults with Community-based Resources and Options

MEMORANDUM

To: Title III Funded Partners

From: Kim Blechschmidt, Director, Planning, Program Design and Grants Management

RE: **December 6th, 2011 Conference call on Updated FY 2012 Fiscal Reporting**

Date: December 5, 2011

Reminder, on December 6, 2011 at 1:30, we will hold a conference call to discuss updated FY 2012 Fiscal Reporting.

Conference Dial-in Number: (559) 726-1000
Participant Access Code: 997058#

This memo and the attached Excel reports provide background for the call.

1. Background

AgeOptions is adjusting our fiscal reporting process to be in compliance with the new Illinois Department on Aging's Financial Reporting Requirements which Anne Posner forward last week:

<http://www.ageoptions.org/newsandviews/documents/fy12reimbursementmemo.pdf>

As we made modifications we sought to:

- Ensure we maintain prompt reimbursement to agencies
- Minimize the reporting burden on agencies
- Meet IDOA's and federal government's requirements for federal cash management
- Meet requirements of 45 CFR 92.21 (f) (2) to ensure program income is expended prior to the expenditure of federal funds and are considered in the federal draw downs

2. Changes in reporting

The following changes will be made:

A. Reimbursement Request (Formerly Monthly) – This report replaces our previous monthly report with an annual “Request for Reimbursement”. Agencies will need to submit the attached “FY 2012 Reimbursement Request” to reports@ageoptions.org by 12/31/11.

This report requires agencies to provide your best estimate of monthly expenditures for “AgeOptions funds” and program income collected. It should include anticipated “accrued operations expenses” as well as an estimate of additional variable costs. If you find your estimates are wrong, it is your responsibility to request an amendment.

Per the Illinois Department on Aging: “An “Accrued Operation Expense” is an expense which is recorded in the agency’s accounting books even though it has not yet been paid out. To be considered an accrued expense, an expense must be periodic with a high probability of disbursement. Many types of accrued expenses exist. The most common operating expenses are employee salaries and fringe benefits, rent, income or payroll taxes, and interest payments. Other items that may be included are advertising and marketing, utilities, supplies, raw materials, legal and licensing fees, accounting fees and other debts necessary to run the organization.”

B. Quarterly Service Cost Report – There is now a third page to this report. Agencies will submit their **true** costs for the prior quarter to reports@ageoptions.org:

- First Quarter (October, November, December 2011) due January 15, 2012
- Second Quarter (January, February, March 2012) due April 15, 2012
- Third Quarter (April, May, June 2012) due July 15, 2012
- Fourth Quarter (July, August, September 2012) due October 15, 2012.

AgeOptions will use these quarterly reports to determine the amount of “AgeOptions funds” earned for the prior quarter. We will compare the true “earned” from the Quarterly report to the actual monthly amount reimbursed.

If the agency’s true expenses were higher or lower than the estimated, AgeOptions will adjust the next month’s reimbursement (February, May, August and October) to increase reimbursement (if “AgeOptions funds” costs were higher) or decrease reimbursement (if “AgeOptions funds” costs were lower). This process will ensure agencies do not exceed the allowable “holding time” for federal funds.

3. Requirements for Program Income:

When developing your reimbursement request, please analyze your anticipated program income to ensure:

- You will expend “program income” before “AgeOptions funds” and
- You will expend 100% of program income in the year it was collected.

As a reminder, the IDOA guidance requires that:

- “Grantees shall disburse program income, rebates, refunds, contract settlements, audit recovers and interest earned on such funds before requesting additional cash payments of federal funds. Therefore, program income that Older Americans Act service providers receive from participants must be expended prior to the expenditure of federal funds and must be considered in the federal draw downs.”
- “The additional cost alternative is the only allowable use of program income for Older Americans Act grants. Program income will continue to stay with the service provider who earned it.”
- “All program income must be expended prior federal funds and must be expended within the fiscal year in which it was earned. It can no longer be expended within one (1) year following the end of the fiscal year in which it was earned.”

4. **Fiscal Monitoring** – We will expand fiscal monitoring of agencies to include a review of the agency’s method used to develop their “Reimbursement Request” and to ensure program income was expended before “AgeOptions funds”.

We look forward to answering your questions on the December 6th call. If you have additional questions, please contact me or Rachel Zavala.

Kim.Blechsmidt@ageoptions.org or Rachel Zavala@ageoptions.org.