

**NEW YORK STATE OFFICE FOR THE AGING**

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Andrew M. Cuomo, Governor

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An Equal Opportunity Employer

**TECHNICAL ASSISTANCE MEMORANDUM**

**Number 14-TAM-01**

**Supersedes**

**Expiration Date**

**DATE:** March 19, 2014

**TO:** Area Agency on Aging Directors

**SUBJECT: AAA Internal Controls for Program Income Collected**

**PURPOSE:** Clarify acceptable internal controls that an area agency on aging may institute to properly account for and protect program income collected by the AAA or its subcontractors.

**BACKGROUND:** The New York State Office for the Aging (NYSOFA) issued the NYSOFA Policy on Program Income in 2003 (03-PI-05). Older Americans Act (OAA) §315(b) provides that voluntary contributions shall be allowed and may be solicited for all services for which funds are received under the OAA. It further provides that the area agency on aging (AAA) shall consult with the relevant service providers and older adults in the agency’s planning and service area (PSA) to determine the best method for accepting voluntary contributions. The OAA requires that the AAA ensure that each service provider:

- Provide each recipient with an opportunity to voluntarily contribute to the cost of the service;
- Clearly inform each recipient that there is no obligation to contribute and that the contribution is purely voluntary;
- Protect the privacy and confidentiality of each recipient with respect to the recipient’s contribution or lack of contribution;
- Establish appropriate procedures to safeguard and account for all contributions; and
- Use all collected contributions to expand the service for which the contributions were given and to supplement (not supplant) funds received under the OAA.

Title 9 of the Official Compilation of Codes, Rules, and Regulations (NYCRR) §6654.5(a) places similar requirements on Community Services for the Elderly (CSE) Service providers.

The focus of this TAM is the requirement to establish appropriate procedures to safeguard and account for all contributions. One of the safeguards is bonding of employees who handle program income. Section VIII of the NYSOFA Program Income Policy issued March 2003, states as follows:

“All paid staff members who handle program income must be bonded with the exception of government employees (who are already covered) and attorneys providing legal services (who already operate under standards for client funds contained in the Code of Ethics, enforced by the Appellate Division of the Supreme Court). Bonding is insurance against the misappropriation of funds. Should there be a theft, the bonding company will cover the losses (subject to potential limits and deductibles) so that the programs for the elderly will not suffer. Agencies can obtain a ‘Blanket Fidelity Bond’ for all employees. Meal site volunteers who jointly count contributions with a staff member are not required to be bonded. A volunteer must never count contributions without a bonded employee present.”

NYSOFA is now clarifying this section of the NYSOFA Program Income policy to add that as an alternative to bonding, a provider may obtain a commercial insurance policy that would cover losses arising from employee theft. If a provider has an insurance policy covering for losses due to employee theft, fraud, or embezzlement, the AAA may accept such proof of insurance coverage as a substitute for bonding. If a provider seeks to use insurance as a substitute for bonding, the provider should be required to produce proof of such insurance to the AAA. The AAA is responsible for verifying that the insurance coverage is a comparable substitute for bonding of provider staff and is adequate to safeguard program income.

**PROGRAMS AFFECTED:**

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| <input checked="" type="checkbox"/> Title III-B | <input checked="" type="checkbox"/> Title III-C-1 | <input checked="" type="checkbox"/> Title III-C-2 |
| <input checked="" type="checkbox"/> Title III-D | <input checked="" type="checkbox"/> Title III-E   | <input checked="" type="checkbox"/> CSE           |
| <input checked="" type="checkbox"/> SNAP        | <input type="checkbox"/> Energy                   |   |
| <input checked="" type="checkbox"/> EISEP       | <input checked="" type="checkbox"/> NSIP          | <input type="checkbox"/> Title V                  |
| <input type="checkbox"/> HIICAP                 | <input type="checkbox"/> LTCOP                    |   |
| <input type="checkbox"/> Other:                 |   |   |

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