Subject	**Idaho Commission on Aging Policy for AAA Budget – Advance Payment**	No.	PO.26.17
Effective Date	10/01/2024	Version No	01
Review Date	10/01/2028		

Version History			
Version	Revision Date	Description of Change	Author

Acronyms:

AAA – Area Agency on Aging
ACL – Administration for Community Living
HHS – US Department of Health and Human Services
ICOA – Idaho Commission on Aging
OAA – Older Americans Act
SSA – Idaho Senior Services Act

Purpose:

To assist local Area Agency on Aging (AAA) non-profit organizations with restricted financial resources to provide Older Americans Act (OAA) and Idaho Senior Services Act (SSA) services under specific conditions as specified under 1321.9 (c)(2)(xviii) and 2 CFR 200.305.

Scope:

Local designated AAAs under contract with the Idaho Commission on Aging (ICOA) can come under budget constraints utilizing a reimbursement only method. Advance payments under limited circumstances allow the participation of AAAs to provide services required by the ICOA. Payments would also further support the AAAs financial ability to initiate other ICOA pilots and ancillary programs activities.

US Department of Health and Human Services (HHS) allows Federal OAA funds to be advanced to AAAs based on immediate cash needs within a 30-day maximum limitation (Uniform Guidance, 2 CFR 200.305; reaffirmed by Administration for Community Living (ACL) in June 2022 and incorporated into the 2024 ACL Final Rule). Idaho Code 67-1024 regulates state advance payments allowable under industry standards under Fiscal Policies Prepayments. Advance payments are not operating loans.

Policy Statement:

The ICOA may provide advance payments to designated AAAs under limited circumstances to ensure their ability to deliver required OAA and SSA. Such advances must comply with federal and state regulations, including the 30-day federal limit and Idaho Code 67-1024 governing allowable prepayments. Advance payments are not operating loans and are issued only when an AAA demonstrates a documented financial need.

Definitions:

- **Advance payment** – means a payment that a Federal agency or pass-through entity makes by any appropriate payment mechanism and payment method before the recipient or subrecipient disburses the funds for program purposes.

Requirements:

1. Conditions
    a. An AAA must be designated and a nonprofit organization.
    b. Payments may only be made to assist with direct costs only in providing OAA and SSA services as approved in the approved AAA annual OAA/SSA budget.
    c. Payments are considered expenses at the time of payment and result in a reduction to the available budget amount.
    d. AAAs are approved for Advance Payments individually by ICOA. AAAs must be in good standing and may not be under corrective action to be approved for Advanced Payments.
2. Advance Payments Limitations and Requirements
    a. Payments should be the minimum amount needed and be timed in accordance with actual immediate AAA cash requirements. The timing and amount must be reasonably close to the actual disbursements made on direct program costs.
    b. Payment requests must be based on reasonable estimated expenditures as outlined within the required AAA policy (see below). The payment cannot exceed more than 10% of the total AAA Federal Title III budget or $150,000. The total federal budget includes B, C1, C2, D, and E funds.
    c. The payment must be spent on approved budget costs within 30 days, ensuring that funding is consistent with all terms and conditions of grant awards.
    d. Advance payments must be fully reconciled prior to requesting another advance payment.
    e. Advance payments during the final month in the budget period, June, are only approved under emergency circumstances.

f. AAAs receiving advance payments are subject to additional monitoring requirements to ensure payments are handled and expended with the required time frames.

Procedures:

1. **AAA Request Process:**
   AAA seeking advance payments must submit a request to the ICOA Manager with the following information:
   a. A request and statement on AAA Letterhead explaining why the advance payment is needed.
   b. Financial statement to demonstrate the amount needed that aligns with the statement.
   c. An AAA internal policy detailing the process of requesting, managing, expanding, and reconciling payments.
2. **ICOA Approval Process:**
   ICOA will issue an approval or rejection within 30 days of receipt of a complete and acceptable request.
   a. The AAA must have demonstrated need and capability to monitor and track advance payments.
   b. The AAA request and financial statement must demonstrate an immediate need and intent to expend the advance within 30 days.
   c. ICOA will modification budget workbooks to include advance payments invoice.
   d. If ICOA determines advance payments are not expended in accordance with this policy and the AAA internal policy, the ICOA may suspend and terminate the payments.