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POLICY TRANSMITTAL NO. 06-27	DATE: JULY 12, 2006
AGING SERVICES DIVISION	DEPARTMENT OF HUMAN SERVICES OFFICE OF PLANNING, POLICY & RESEARCH

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TO: ALL OFFICES

SUBJECT: MANUAL MATERIAL

OAC 340:105-10-105.1.

EXPLANATION: **Policy revisions were approved by the Commission and the Governor as required by the Administrative Procedures Act.**

The proposed revisions to Subchapter 10 of Chapter 105 clarify and update language regarding non-Older Americans Act (OAA) contract income.

340:105-10-105.1 is amended by deleting "service reimbursement" language and adding language specifying OAA and non-OAA regarding service cost.

Original signed on 7-7-06

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Carey Garland, Interim Director  
Aging Services Division

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Sharon Neuwald, Co-Interim Administrator  
Office of Planning, Policy & Research

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WF # 06-01 (NAP)

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## **INSTRUCTIONS FOR FILING MANUAL MATERIAL**

OAC is the acronym for Oklahoma Administrative Code. If OAC appears before a number on an Appendix or before a Section in text, it means the Appendix or text contains rules or administrative law. Lengthy internal policies and procedures have the same Chapter number as the OAC Chapter to which they pertain following a “DHS” number, such as personnel policy at DHS:2-1 and personnel rules at OAC 340:2-1. The “340” is the Title number that designates DHS as the rulemaking agency; the “2” specifies the Chapter number; and the “1” specifies the Subchapter number.

The chronological order for filing manual material is: (1) OAC 340 by designated Chapter and Subchapter number; (2) if applicable, DHS numbered text for the designated Chapter and Subchapter; and (3) all OAC Appendices with the designated Chapter number. For example, the order for filing personnel policy is OAC 340:2-1, DHS:2-1, and OAC 340:2 Appendices behind all Chapter 2 manual material. Any questions or assistance with filing manual material will be addressed by contacting Policy Management Unit staff at (405) 521-3611.

### **REMOVE**

340:105-10-105.1

### **INSERT**

340:105-10-105.1, pages 1-2, revised  
7-15-06

**340:105-10-105.1. Commercial and contractual activities of Area Agencies on Aging and Title III projects**

(a) **Policy.** Area Agencies on Aging (AAAs) and Title III projects may engage in commercial and contractual activities compatible with the development or enhancement of comprehensive and coordinated service delivery systems for older persons. Commercial and contractual activities do not include activities the AAA or Title III project performs pursuant to the Older Americans Act (OAA) program. This Section applies to Title III projects only when Title III facilities and staff are utilized in the performance of commercial and contractual activities. The AAA or Title III project performing commercial or contractual activities provides assurances to:

(1) demonstrate:

(A) a loss or diminution in the quantity or quality of OAA services provided, or to be provided, by the agency has not resulted and will not result from such contract or relationship; and

(B) the quantity or quality of OAA services to be provided will be enhanced as a result of such contract relationship;

(2) disclose:

(A) the identity of each nongovernmental entity with which the agency has a contract or commercial relationship relating to providing services to older persons;

(B) the nature of such contract or relationship; and

(C) all sources and expenditures of funds the agency receives or expends to provide services to older persons for the purpose of monitoring compliance with the OAA, including conducting an audit;

(3) maintain the integrity and public purpose of OAA services provided;

(4) not use OAA funds received to pay any part of a cost, including an administrative cost, incurred to carry out a contract or commercial relationship.

(A) Final payment for non-OAA services may not be from OAA funds. Contract income above the computed cost, including the allocated administrative cost, of the non-OAA service does not fall under the provision of Section 315 of the OAA.

(B) AAAs require OAA service providers to submit annual verification of the OAA and the non-OAA service cost computed in accordance with General Accepted Accounting Principles by a non-biased, qualified person, such as a certified public accountant (CPA).

(C) AAAs review the OAA and the non-OAA service cost methodology annually in accordance with General Accepted Accounting Principles using a qualified person, such as a CPA, to either approve it or disapprove it and work with the service provider to obtain suitable information. The final computation of the OAA and non-OAA service cost methodology, once approved by the AAA, is submitted to Aging Services Division annually in the AAA approved grants; and

(5) not give preference in receiving OAA services to particular older persons as a result of a contract or commercial relationship.

(b) **Authority.** The authority for this Section is Sections 306(a)(13) through (16) of the Older Americans Act, as amended.

(c) **Cross references.** There are no cross references for commercial and contractual activities.