

**CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

**State Authorization:** G.S. 143B-273

NC Department of Correction

<u>Agency Contact Person - Program</u>	<u>Address Confirmation Letters To</u>
Allison Jourdan (919) 716-3163	Allison Jourdan, Chief of Program Services Criminal Justice Partnership Program
Agency Contact Person – Financial	NC Department of Correction
Joseph H. Prater (919) 716-3158	4252 Mail Service Center Raleigh, North Carolina 27699-4220

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

**I. PROGRAM OBJECTIVES**

The objectives of the Criminal Justice Partnership Program (CJPP) are to support the recommendations of the North Carolina Sentencing and Policy Advisory Commission by providing supplemental community-based punishments that increase offender accountability and provide opportunities for positive changes; to expand sentencing options by adding community-based punishments for offenders receiving non-incarcerative intermediate sentences; to promote coordination between state and county community corrections programs; and to improve public confidence in the criminal justice system by educating the public on the role of community corrections. Subsequently, the legislation mandates following four goals for the CJPP: reduce recidivism, reduce probation violations, reduce alcohol and drug dependency among offenders, and reduce the cost of incarceration at the state and local level.

**II. PROGRAM PROCEDURES**

The Criminal Justice Partnership Program, which was established as part of the North Carolina State-County Criminal Justice Partnership Act (G.S. 143B-273), provides grant funds to participating counties on a reimbursement basis. Three distinct types of grants are provided under the Partnership Act:

*Technical Assistance funds*, which are provided to assist the counties in their program planning process;

*Implementation funds*, which are awarded to participating counties whose community corrections plans are approved by the CJPP. These funds are based on a fixed formula established by statute (G.S. 143B-273.15), are offered on a non-competitive basis, and must be applied for annually for continuation of funding; and to determine the grant amount for which a county or counties may apply, the grant granting authority shall apply the following formula (1) Twenty-five percent (25%) based on a fixed equal dollar amount for each county; (2) Fifty percent (50%) based on the county share of the State population; and (3) Twenty-five (25%) based on the intermediate punishment entry rate for the county, using the total of the three most recent years of data available divided by the

average county population for that same period. Grants to participating counties are for a period of one fiscal year with unobligated funds being returned to the Account at the end of the grant period. Funds are provided to participating counties on a reimbursement basis unless a county documents a need for an advance of grant funds. The data used for this funding formula shall be updated at least once every three years. (1993, c. 534, s 1; 1995, c. 324, s. 19; 2001-424, s. 25.16(a); 2005-276, s. 1723(g).)

*Reallocations Funds*, G.S. 143B-273.15 Legislature passes a provision, which effectively eliminates the funding of discretionary grants. In recent years, the North Carolina General Assembly has adopted, annually, a special provision, which allows for the reallocation of projected unspent or unclaimed funds.

All such grant funds are provided DIRECTLY to the participating county ONLY, as Grantee, and do not involve any pass through funds.

Technical assistance grant awards require a 25% local match or in-kind match; implementation and discretionary grant awards do not.

A favorable vote by the local Board of County Commissioners to develop and operate a local community corrections program initiates the CJPP process. The Board of Commissioners appoints individuals, as prescribed by statute (G.S. 143B-273.10), to serve as members of their local advisory board. Application is then made to the State for technical assistance funding. These funds are a one-time grant to assist counties in the planning process. The purpose of these funds is to hire a facilitator to assist in collecting and analyzing data, to facilitate the planning process of the local advisory board, and to assist in the preparation of the county community corrections plan and application.

Upon completion of the planning process, the local advisory board prepares and submits their community-based corrections plan to the Board of County Commissioners for their approval. This document serves as the basis for determining exactly what is expected to be accomplished and the method for doing so. The community-based corrections plan must include program monitoring elements, evaluation procedures, data collection techniques, and reporting requirements. In addition, the community corrections plan must explain how existing local resources and criminal justice agencies will be incorporated into the program to avoid any duplication of efforts and enhance the local criminal justice system. Included with the community-based corrections plan is a budget detailing the expenditures proposed for the support of the community corrections plan. If the Commissioners approve the plan, an implementation application is prepared and submitted to the State requesting funding to implement and operate the program.

The State staff and the State CJPP Advisory Board review the County's community-based corrections plan as well as the implementation application and makes recommendations to the Secretary of Correction. Upon the Secretary's approval, a standard grant award contract is prepared, accompanied by an approved detailed budget, and forwarded to the County for their acceptance. The contract is then signed by the County's authorizing official (typically the County Manager) and the authorizing State official. Implementation funds are then available on a reimbursement basis for the County's use during the current fiscal year.

Pursuant to statute G.S. 143B-273.15, awarded grant funds which have not been requested through the reimbursement process at the end of the fiscal year revert to the Partnership Account.

Subsequent continuation applications are submitted on an annual basis for continued funding of the local program. This annual renewal of implementation grant funding is accomplished through the submittal of a continuation grant application, which includes both an application and budget forms. Any proposed modifications to the original community-based corrections plan must be detailed in the continuation application and budget.

Any modifications to the approved budget during the course of the fiscal year require a budget amendment that is approved by the County's authorizing official and under certain circumstances, approved by the State office. Budget amendments which occur at a point where budget amendment amounts cumulatively are less than \$10,000 or 10%, whichever is less, of the grant award amount, and which do not involve salary increases, purchase of equipment or out-of-state travel not included in the state-approved budget, may be done without the permission of CJPP and are simply reported through their incorporation into the county's reimbursement request for that month. All other budget amendments must be requested through a separate process using the prescribed *Budget Amendment Request* form, which does require CJPP approval prior to the expenditure of those funds.

Requests for reimbursements are required to be submitted to the State office on a monthly basis by the 15<sup>th</sup> day of each month for the preceding month's expenditures. These monthly requests are submitted on the prescribed *Budget Amendment Report and Request for Reimbursement* form, which is designed to also allow for the incorporation of any budget modifications which may have occurred during that month.

The aforementioned prescribed fiscal forms may be found in Section V. D Budgeting of the *CJPP Policies and Procedures* or online at <http://cjpp.doc.state.nc.us/FISCALFORMS>.

### III. COMPLIANCE REQUIREMENTS

#### 1. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement (Authority: G.S. 143B-273.14 (a))

Fundable programs shall include community-based corrections programs which are operated under a county community-based corrections plan and funded by the State subsidy. Based on the prioritized populations in G.S. 143B-273.4, the programs may include, but are not limited to, the following:

- (1) For offenders who receive intermediate punishments as defined by G.S. 15A-1340.11(6):
  - a. Residential facilities;
  - b. Day reporting centers;
  - c. Restitution centers;
  - d. Substance abuse services;
  - e. Employment services;
- (2) For offenders who are appropriate for release from jail prior to trial:
  - a. Pretrial monitoring services;
  - b. Pretrial electronic surveillance;
- (3) For offenders who are serving a term of post-release supervision after completing active sentences of imprisonment:
  - a. Aftercare support services.

Suggested Audit Procedure

Verify that the approved community-based correction plan is only reimbursing allowable expenses as described above.

Compliance Requirement (Authority: G.S. 143B-273.14 (b))

Community-based corrections funds may be used to operate programs and may also be used to construct, acquire, or renovate community facilities established to provide the programs and services set forth in G.S. 143B-273.14(a). Construction and renovation funds may not be used for jails. Construction and renovation funds may not be used to reimburse expenses for any facilities renovated before April 1, 1995.

Suggested Audit Procedure

Verify that the Grantee is in compliance with G.S. 143B-273.14 (a) and (b).

Compliance Requirement (Authority: Section IV C, (III M) of the Standard Grant Award Contract)

For Selection of Facility Site, no grant funds may be expended for the purpose of purchasing, constructing or remodeling a facility or locating a program unless all necessary local land use ordinances and permits have been met and the facility approved for operations at the proposed site by the appropriate governing body.

Suggested Audit Procedure (Local Auditor)

Verify that all local ordinances were followed and proper approvals obtained.

**2. ALLOWABLE COSTS/COST PRINCIPLES**

Compliance Requirement (Authority: Section IV-C, (IV C) of the Standard Grant Award Contract)

Adequate documentation must be maintained for all project expenditures and commitment funds, as outlined in the standard grant award contract.

Suggested Audit Procedure

Verify that invoices were attached to submitted reimbursement requests for all expenditures related to contractual services, equipment and construction.

For personnel expenditures, verify that time and attendance records are kept and are signed by the employee(s) and supervisor(s). Also verify that for any salary increases, documentation is available indicating that such increases were either approved in the state-approved budget or subsequently through a state-approved budget amendment request.

For travel expenditures, verify that travel documentation is kept, to include date, destination, mileage, reason for travel, and itemization of expenses. Receipts for parking, tuition, registration and lodging are required. Travel expenses shall not exceed those indicated in the state-approved budget. Travel in permanently assigned Grantee vehicles purchased with CJPP funds must be documented on a travel log and kept available for review.

For supplies and other operating expenses and equipment, verify that documentation exists in accordance with the Grantee's procurement policies.

For construction and renovation of facilities, verify that documentation includes contracts for services and that the payment rate is consistent with the contractual agreement approved as part of the state-approved budget. Verify that any construction or renovation performed by or for the Grantee was made according to local rules and state policies governing such activities.

Compliance Requirement (Authority: Section IV-C, (C 2) of the Standard Grant Award Contract)

For individual contractual service providers, documentation must include the signed contract, time and attendance reports showing time period, payment rate, hours per day and service(s) provided.

In case of organizations performing professional services, documentation must include a detailed billing indicating services performed or products delivered, payment rate consistent with contractual agreement, and approval by the project director.

Suggested Audit Procedure

Verify the existence, completeness and validity of this documentation.

Compliance Requirement (Authority: Section V-D, (IV 2) of the Standard Grant Award Contract)

The Grantee shall provide one copy of any third party contract documents to the CJPP for review. The Grantee shall provide a signed copy of all contract documents prior to the expenditure of grant funds for the purposes of the contract.

Suggested Audit Procedure

Examine third party contracts and verify that a copy of each was filed with the CJPP prior to expenditure of grant funds.

Compliance Requirement (Authority: Section IV-C, (V C) of the Standard Grant Award Contract)

Personnel costs shall not be allowable as costs to be financed in whole or in part with this grant award, unless the position or allowable cost thereof is specifically contained within the narrative portion of the application and the approved budget and then only as to the cost therein designated as approved.

Suggested Audit Procedure

Verify that personnel costs do not exceed those approved by CJPP either through the state-approved budget or subsequently through the approval of a budget amendment request.

Compliance Requirement (Authority: Section IV-C, (V D) of the Standard Grant Award Contract)

A copy of a proposed personal service contract must be submitted to the CJPP for review. No funds shall be expended for the purposes of a contract prior to review of the contract by the CJPP. Upon signing of an approved contract by the Grantee a dated copy will be submitted to the CJPP to be placed in the project file and funds for the contractual category will be made available for reimbursement purposes.

Suggested Audit Procedure

Verify that personal service contracts between the Grantee and service provider were executed and copies provided to CJPP prior to the Grantee's request to the state for reimbursement.

Compliance Requirement (Authority: Section IV-C, (V F) of the Standard Grant Award Contract)

The rental charge for space and equipment must be consistent with prevailing rates in the area.

Suggested Audit Procedure

Verify that the space and equipment rented with CJPP funds are consistent with prevailing rates in the area.

Compliance Requirement (Authority: Section IV-C, (V G) of the Standard Grant Award Contract)

Travel, lodging and subsistence expenditures funded by CJPP are permitted for Grantee personnel or local advisory board members indicated in the state-approved budget or as subsequently approved through a state-approved budget amendment request. Expenditures and allowable cost value for travel, lodging and subsistence shall not exceed the normal and usual amount allowable by the Grantee for such costs under rules and policies applicable to Grantee's official business. In the event that Grantee has no established rule, regulation, or policy regarding such expenses, the maximum payment and allowable cost will be the current prevailing rates allowed for North Carolina state employees. These rates are located in the DOC Fiscal Policy and Procedure Manual. Any deviation from the aforescribed expense allowances must be approved by the CJPP in writing before being incurred. Also, prior approval by the CJPP is required for all out-of-state travel to be paid with grant funds.

Suggested Audit Procedure

Verify that travel, lodging and subsistence expenditures are in compliance with the above requirements.

Compliance Requirement (Authority: Section IV-C, (V H) of the Standard Grant Award Contract)

Grant funds exceeding \$20,000 may not be expended or committed for the acquisition or lease of automatic data processing equipment, whether by outright purchase, rental purchase agreement, or by other method purchase without prior CJPP approval.

Suggested Audit Procedure

Through analysis of expenditures, verify that no funds in excess of \$20,000 were expended for the acquisition or lease of automatic data processing equipment without prior approval of CJPP.

Compliance Requirement (Authority: G.S. 143B-273.19 (b) )

Grantees may not use funds received under the North Carolina State-County Criminal Justice Partnership Act for indirect costs associated with a program. Indirect costs are defined as expenditures which are not directly related to program operations.

Suggested Audit Procedure

Review all expenses to determine whether they were associated directly with the operation of the program. Expenses such as administrative charges or fees which, due to the lack of detail, cannot be fully ascertained to be in direct support of the operation of the program, should be questioned and verified.

Compliance Requirement (Authority: Section IV-C, (IV G) of the Standard Grant Award Contract)

All new vehicles purchased with project funds must follow formal bid procedures. This procedure involves soliciting sealed bids from qualified sources of supply. The requirement is legally advertised (through a publication of local distribution) and bids are opened in public. At least two responsible bids must be received and the lowest bid must be accepted. Any vehicle purchase requires prior approval of the CJPP. Grantees also have the option to make purchases under State contract. All such purchases made with grant funds must result in ownership of items purchased by the Grantee.

Suggested Audit Procedure (Local Auditor)

Review files to verify that all purchases were made according to the above-stated principles.

**5. ELIGIBILITY**

- (a) An eligible offender is an adult offender who either is in confinement awaiting trial, or was convicted of a misdemeanor or a felony offense and received a nonincarcerative sentence of an intermediate punishment or is serving a term of post-release supervision after completing an active sentence of imprisonment.
- (b) The priority populations for programs funded under this Article shall be:
  - (1) Offenders sentenced to intermediate punishments; and
  - (2) Offenders who are appropriate for release from jail prior to trial under the supervision of a pretrial monitoring program.

Suggested Audit Procedure (Authority G.S. 143B-273.4)

The Department of Correction is responsible for the determination of eligibility, so CPA does not need to perform any test work.

**6. EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Compliance Requirement (Authority: Section IV-C, (III L) of the Standard Grant Award Contract)

The title to all real or other property acquired in whole or in part with CJPP funds will be held at all times by the Grantee and may not be reassigned. This property will be subject to transfer or divestment at the option of the CJPP where its use for program purposes is disallowed or discontinued. Disposal of property shall be in compliance with N.C. Administrative Code .201-.224 and G.S. 143-49.

Suggested Audit Procedure

Verify that the deed to any real property purchased through CJPP funds is held in the name of the Grantee and has not been reassigned. Verify also that no portion of the program has been disallowed or discontinued for which CJPP funded property should have been divested or transferred at the discretion of the CJPP.

Compliance Requirement (Authority: Section IV-C, (IV C, 4) of the Standard Grant Award Contract)

Grantee agrees to maintain a current inventory of all project equipment, including a description of the item, purchase cost, date purchased, and physical location, .

Suggested Audit Procedure

Verify detailed list by examination of the list and physical verification of project equipment.

**7. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS**

Compliance Requirement (Authority: Section IV-A, (I) Application for Initial Funding of the CJPP Policies and Procedures)

Technical assistance funds require a 25% match consisting of cash or in-kind services such as the provision of county-generated data. A description of the in-kind services should be provided, along with a detailed accounting of expenses incurred such as a statement of the hours per employee multiplied by the salary per hour.

Suggested Audit Procedure

Determine the type and amount of the State's cost-sharing identified in the technical assistance request application. If the 25% cash match was opted for, verify that the correct amount was remitted to the state office. The submittal of collected data performed by the

county for the planning process and the acceptance of the adequacy of such data by CJPP constitutes compliance with the in-kind match provision. Verify that match funds or in-kind services are from an allowable source.

Compliance Requirement (Authority: G.S. 143B-273.14 (c))

When a Grantee receives more than fifty thousand dollars (\$50,000) in community-based corrections funds, then that Grantee shall use at least fifty-percent (75%) of those funds to develop programs for offenders who receive intermediate punishments as defined by G.S. 15A-1340.11(6).

Suggested Audit Procedure

If a Grantee receives more than \$50,000 in CJPP funding for a fiscal year, review the Grantee's community corrections plan and continuation application to determine whether the program funds any services other than those for offenders who received intermediate punishment (other service being a pre-trial release program). If that Grantee does operate such other programs, verify through review of expenditures that no more than 75% of the funds were used for services other than those designed for offenders who received intermediate punishments. This normally involves verifying that no more of than 25% of a program's CJPP awarded amount was expended to support existing pre-trial release components of the program.

Compliance Requirement (Authority: G.S. 143B-273.19(a))

Grantees may not use funds received under G.S. 143B-273 to supplant or replace existing funds or other resources from the federal, State or county government for existing community-based corrections programs.

Suggested Audit Procedure

- a. Ascertain if the entity used State funds to provide services which were required under State or local law and were also provided by funds subject to a supplement not supplant requirement.
- b. Ascertain if the entity used State funds to provide services which were provided with non-State funds in the prior year.
  - (1) Identify the State-funded services.
  - (2) Perform procedures to determine whether the State program funded services that were previously provided with non-State funds.
  - (3) Perform procedures to ascertain if the total level of services applicable to the requirement increased in proportion to the level of State contribution, by comparison of the number of people in the program in the current year to numbers of participants in previous years.

**8. PERIOD OF AVAILABILITY OF STATE FUNDS**

Compliance Requirement (Authority: Section IV-C, (IV D) of the Standard Grant Award Contract)

Project funds may not be expended or committed prior to the grant contract effective date.

Suggested Audit Procedure

Verify that a standard grant award contract for the affected fiscal year has been executed by the Grantee and is on file with the Grantee prior to the submittal of Grantee's request for

reimbursement. Also, test expenditures to verify that expenses charged to the grant occurred during the grant period.

## 9. PROCUREMENT AND SUSPENSION AND DEBARMENT

Compliance Requirement (Authority: Section IV-C (IV F) of the Standard Grant Award Contract)

All procurement shall be accomplished by obtaining adequate and effective competition to the maximum practicable extent consistent with the value and specification of supplies and services to be produced. (Under formal bid procedures, at least two responsible bids must be received and the lowest bid must be accepted.) Publicly advertised procurement with sealed bids and public openings shall be the preferred method. Grantees also have the option to make purchases under State contract. The “cost plus a percentage of cost” method of contracting shall not be used.

Suggested Audit Procedure

Verify that any new vehicles purchased with CJPP funds followed a formal bid process or were purchased under state contract. The formal bidding process must include the solicitation of sealed bids from qualified sources of supply, the legal advertisement (through a publication of local distribution) of bids, the receipt of at least two responsible bids, the public opening of bids, and the awarding of the lowest bid. Verify that all other purchases made followed the Grantee’s procurement policies and procedures. Equipment items purchased must have first been approved by CJPP either through the state-approved budget or subsequently through the approval of a budget amendment request. The Grantee may deviate from quantities of equipment items in the approved budget as long as the total dollar amount is not exceeded and the Grantee requests and receives in writing approval from CJPP prior to purchase.

Verify that the Grantee is in compliance with G.S. 143B-273.14(a) and (b), which lists eligible programs and the use of community-based corrections funds.

## 12. REPORTING REQUIREMENTS

Compliance Requirement (Authority: Section IV-C, (IV E) of the Standard Grant Award Contract)

The Grantee must obtain prior written approval from the CJPP for major project changes. Program modifications may include, but are not limited to, changes of substance in program activities, changes in the scope or intent of the program, changes in personnel, or changes in the approved budget.

Suggested Audit Procedure

Review files to determine if any of the aforementioned program modifications have been made. If so, review files for documentation. All program modifications must be requested and approved either through the submittal and approval of the continuation application, through written request and approval by the CJPP Administrator or through the submittal and approval of a state-approved budget amendment.

Compliance Requirement (Authority: Section V-D, (V B) Budgeting of the CJPP Policies and Procedures)

CJPP funds will be payable monthly on a reimbursement basis. All reimbursement requests must be submitted on a Budget Amendment Report and Request for Reimbursement form

and received by CJPP by the tenth of each month for the preceding month's expenditures. The Grantee must request reimbursement of funds spent in a grant year by August 15 following the last day of that grant year. Any request for reimbursement made after August 15 will be paid from current year grant funds, if such funds are available.

Suggested Audit Procedure

Verify that all reimbursement requests accurate, allowable and supported by proper documentation.

Compliance Requirement (Authority: Section V-E Budget Amendment Request of the CJPP Policies and Procedures)

When cumulative budget changes total less than \$10,000 or 10% of the award amount, whichever is less, and for items which would not otherwise require a budget amendment request, a budget amendment report should be reported to the CJPP on the consolidated Budget Amendment Report and Request for Reimbursement Request, submitted monthly no later than the fifteenth (15<sup>th</sup>) day of each month for the preceding month's expenditures. This requirement includes changes within budget categories as well as changes between budget categories.

Suggested Audit Procedure

Verify that budget amendment requests made at the point that cumulative changes total less than \$10,000 or 10% of the award amount, whichever is less, or would not otherwise require a budget amendment request, were done as a budget amendment report through its incorporation into the *Budget Amendment Report and Request for Reimbursement* form.

Compliance Requirement (Authority: Section V-D (V A) Budgeting of the CJPP Policies and Procedures)

Cumulative changes of more than \$10,000 or 10% of the award amount, whichever is less, per grant period will require that a budget amendment request be submitted on a Budget Amendment Request form and approved by the CJPP. This requirement includes changes within budget categories as well as changes between budget categories. When not originally approved in the community corrections plan or application for continuation funding, the following also require an approved budget amendment request: a) salary increases, b) purchases of equipment, c) project income, and d) out-of-state travel. Approved requests for budget amendments must also be reflected in the *consolidated Budget Amendment Report and Request for Reimbursement* form submitted monthly.

Suggested Audit Procedure

Verify that budget amendment requests made at the point that cumulative changes total more than \$10,000 or 10% of the award amount, whichever is less, or as otherwise required, were done as a budget amendment requests through the use of *Budget Amendment Request* forms. Test expenditures outside the original budget and verify that budget amendments were approved by DOC.