

COMMUNITY BASED PROGRAMS / DEVELOPMENTAL DISABILITIES – AUTISM SERVICES

State Authorization: G. S. 122C – 101, 143-6.1; Senate Bill 1366

**N. C. Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

Agency Contact Person – Program

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N. C. DHHS Confirmation Reports:

SFY 2009 audit confirmation reports for payments made to Local Management Entities/Area Authorities, Councils of Government and District Health Departments will be available by around late August to early September at the following web address:

<http://www.dhhs.state.nc.us/control/>

At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2008-2009)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2007-2009)”.

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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

These programs are statewide advocacy and services corporation serving persons challenged by autism spectrum disorder, a severe communication and behavior disorder, and their families. Services include recreation, advocacy, development, residential supports, vocational supports, education and training, information and referral, and parent support in local communities throughout the State.

Model Programs of Early Intervention Services (Mariposa School, ABC of NC, Inc. and Easter Seals/UCP Cape Fear).

These programs provide increase opportunities for early intervention with young children diagnosed with autism, including intensive instructional programming, off site consultation with families; parent meetings and scholarships to the respective early intervention program.

II. PROGRAM PROCEDURES

Funds are appropriated by the North Carolina Legislature and disbursed in accordance with the Contract between the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the Autism Society of North Carolina, Inc., effective from July 1 through June 30 of the current SFY. In addition, funds are appropriated by the North Carolina Legislature and disbursed in accordance with the Contract between the Division of Mental Health, Developmental Disabilities, and Substance Abuse services and the Mariposa School, Easter Seals/UCP Cape Fear and ABC of NC, Inc. Funds for the autism contracts are appropriated in the DMHDDSAS budget as a single account, specifically for the Autism Society of North Carolina, Inc., Mariposa School, Easter Seals/UCP Cape Fear and ABC of NC, Inc. Funds are paid to the Autism Society of North Carolina, Inc., Mariposa School, Easter Seals/UCP Cape Fear and ABC of NC, Inc. in accordance with Section II, Billing and Payment Procedures, of the contract between the Autism Society of North Carolina, Inc., Mariposa School, Easter Seals/UCP Cape Fear and ABC of NC, Inc and the DMHDDSAS.

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The DHHS/Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) mandates that all the testing included within the crosscutting section be performed by the local auditors. Please refer to that section, which is identified as “DMH-0” for those mandated requirements.

1. ACTIVITIES ALLOWED OR UNALLOWED

Funds shall be expended for activities included in Attachment B to the Contract between the Autism Society and the DMHDDSAS.

Suggested Audit Procedures

- a. Review contract requirements and determine activities which are allowable for reimbursement.
- b. Sample monthly billings to the DMHDDSAS to verify that the activities billed for relate directly to the allowable activities to be reimbursed under the terms of the Contract.

2. ALLOWABLE COSTS/COST PRINCIPLES

All grantees that expend State funds (including federal funds passed through the North Carolina Department of Health and Human Services) are required to comply with the cost principles described in the N. C Administrative Code at 09 NCAC 03M.0201.

Suggested Audit Procedures

- a. Review contract requirements and determine types of activities which are allowable for reimbursement under the terms of the Contract.

- b. Sample monthly billings to the DMHDDSAS to verify that the costs billed to the DMHDDSAS were accurate and relate directly to the allowable activities to be reimbursed under the terms of the Contract.

4. CONFLICT OF INTEREST AND CERTIFICATION OF NO OVERDUE TAX DEBTS

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are subject to the financial reporting requirements of G. S. 143C-6 effective July 1, 2007. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. 143C-6.23(b) and a written statement (if applicable) that the entity does not have any overdue tax debts as defined by G. S. 105-243.1 at the federal, State or local level (see G. S. 143-6.23(c). All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the sub-grantee accountable for the legal and appropriate expenditure of those State grant funds.

Suggested Audit Procedures

- a. Ascertain that the grantee has a conflict of interest policy.
- b. Verify through Board minutes that the policy was adopted before the grantee received and disbursed State funds.

5. ELIGIBILITY

Children and adults with autism spectrum disorder, a severe communication and behavior disorder, and their families as specified in Attachment B of the Contract between the DMHDDSAS and the Autism Society of North Carolina, Inc., Mariposa School, Easter Seals/UCP Cape Fear and ABC of NC, Inc.

Suggested Audit Procedures:

- a. Select a sample of client records for individuals served under the terms of the Contract;
- b. Review client records for documentation that allowed services were provided to individuals with autism.

8. PERIOD OF AVAILABILITY OF STATE FUNDS

This requirement does not apply to DMH/DD/SAS contracts.

9. PROCUREMENT, SUSPENSION, AND DEBARMENT

This requirement does not apply to these contracts

12. REPORTING

The contractor provides Quarterly Reports of progress toward work plan activities/goals. Monthly Financial Status Reports (FSR) of expenditures are also provided.

13. SUBRECIPIENT MONITORING

Monitoring is required if the agency disburses or transfers any State funds to other organizations, except for the purchase of goods or services, the grantee shall require such organizations to file with it similar reports and statements as required by G.S. §143C-6-22 and 6-23 and the applicable prescribed requirements of the Office of the State Auditor's Audit Advisory #2 (as revised January 2004) including its attachments. If the agency disburses or transfers any pass-through federal funds received from the State to other organizations, the agency shall require such organizations to comply with the applicable requirements of OMB Circular A-133. Accordingly, the agency is responsible for monitoring programmatic and fiscal compliance of subcontractors based on the guidance provided in this compliance supplement and the audit procedures outlined in the DMH-0 Cross-cutting Supplement.

Suggested Audit Procedures

- Review subcontracts, identify any special requirements; and
- Verify if requirements were met.

12. SPECIAL TESTS AND PROVISIONS

The agency must comply with any additional requirements specified in the contract or to any other performance-based measures or agreements made subsequent to the initiation of the contract including but not limited to findings requiring a plan of correction or remediation in order to bring the program into compliance.

Suggested Audit Procedures

- Review contract/grant agreement, identify any special requirements; and
- Verify if the requirements were met.