
FAMILY PRESERVATION SERVICES

State Authorization: North Carolina General Statute 143B-150.5

**N. C. Department of Health and Human Services
Division of Social Services**

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N. C. DHHS Confirmation Reports:

SFY 2009 audit confirmation reports for payments made to Counties, Area Programs, Boards of Education, Councils of Government, District Health Departments, DCD State Level Contractors and HRSA Bioterrorism Grant Sub recipients 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 “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)**”.

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 objective of the Family Preservation Services program is to prevent the unnecessary placement of children away from their families by providing intensive, time-limited in-home services aimed at restoring families in crisis to an acceptable level of functioning. Services are designed to stabilize the crisis which could put children at imminent risk for out-of-home placement and keep the child, family and community safe by defusing the potential for violence (i.e., physical, sexual, emotional/verbal abuse).

II. PROGRAM PROCEDURES

The Family Preservation Services Program is administered by the North Carolina Department of Health and Human Services, Division of Social Services (DSS). A variety of services may be provided under this program, including intensive individual and family counseling, behavior modification, parental counseling and support, life skills training, and a variety of client advocacy activities.

The Family Preservation grants are administered by the North Carolina Department of Health and Human Services, Division of Social Services (DSS). Grants are awarded by the Division of Social Services through a competitive Request for Applications, an assessment of the ability and capacity of the organization to implement community-based programs, and availability of

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funding. An independent review team is comprised to review and score the applications. The recommendations of this team are forwarded to the Community Based Program Administrator, Child Welfare Services Section Chief, and to the Director of the Division of Social Services for approval. Once this process is completed, a formal award notification is sent to approved applicants. The Division enters into a contract agreement with each agency to provide allowable services.

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The compliance requirements in the Division of Social Services “Crosscutting Requirements” in Section D (Supplement #DSS-0) are applicable to this grant.

1. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement: Services provided by and cost allowable under the Family Preservation Services grant shall include, but are not limited to:

- a) Family Assessment
- b) Intensive Family and Individual Counseling
- c) Client Advocacy
- d) Case Management
- e) Development and Enhancement of Parenting skills
- f) Referral for other services, as appropriate

A listing of approved services and activities for a particular program will be found in the contract narrative and subsequent contract amendments for that program.

Audit Objective: Determine whether agency’s activities/services are allowable.

Suggested Audit Procedures: Examine monthly reports to determine whether activities for which reimbursements are claimed are allowable activities and/or services.

2. ALLOWABLE COSTS/COST PRINCIPLES

Grantees may claim reimbursement for the following activities:

- Purchase of allowable services (a listing of approved services can be found in the contract narrative and subsequent contract amendments);
- Purchase of equipment, training aids, and materials that will be designated for sole use by the Family Preservation program;
- Travel costs to provide in-home services, to meetings and events related to Family Preservation; and
- Other services or activities with prior written approval from the Division of Social Services.

Compliance Requirement: The following requirements relate to the grantee’s budget as of the balance sheet date as compared to the budget approved by the Division of Social Services:

- The total expenditures may not exceed the contracted amount without written authorization of the Division of Social Services.
- No line item will be increased by more than 10% without prior approved budget amendment from the Division of Social Services.

Audit Objectives:

- Determine whether agency has adhered to authorized budgeting practices.
- Review the operating budget approved by the Division of Social Services and subsequent revisions. Determine that line items are within the amounts budgeted.
- All grantees that expend State funds (including federal funds passed through the N. C. 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: Examine monthly reports to determine whether activities for which reimbursements are claimed are allowable activities and/or services. Examine contract agreement files to ensure that budget amendments executed within established procedures.

5. ELIGIBILITY

Compliance Requirement: Families eligible for services under the Family Preservation program are those with children ages birth through 17 years who are at imminent risk of out of home placement into the social services, mental health/developmental disabilities/substance abuse, or juvenile justice systems. The populations of children for whom these services shall be made available include those alleged or found to be abused, neglected, or dependent; emotionally or behaviorally disturbed; undisciplined or delinquent; and/or have medical needs, or in need of services that with assistance, could be managed in the home.

Audit Objective: Determine whether agency is serving eligible client population.

Suggested Audit Procedures: Review the operating budget approved by the Division of Social Services and subsequent revisions. Determine that all line items revisions that exceed 10% are accompanied by a prior approved budget amendment. Examine a sample of individual case documentation to determine that recipient is eligible to receive services under this program.

6. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Compliance Requirement: Equipment purchased through Family Preservation allocations as a direct cost is allowable as long as that equipment is designated for the exclusive use of the Family Preservation programs. Otherwise, equipment must be cost allocated.

Audit Objective: Determine whether Family Preservation programs direct charged equipment purchases, or used cost-allocation method. Determine whether purchases met the standards for pre-approval as indicated in contract between DHHS and Intensive Family Preservation Programs.

Suggested Audit Procedure: Verify that no equipment was charged to Family Preservation allocations without consent of the State Department of Health and Human Services.

8. PERIOD OF AVAILABILITY OF STATE FUNDS

Federal funds are available for expenditure by grantees during the State fiscal year (July 1 to June 30).

Audit Objective: Determine whether funds made available to Family Preservation Programs for expenditure for the period of July 1 to June 30 were expended during allowable timeframe.

Suggested Audit Procedures: Verify that Family Preservation expenditures under contract agreement were reimbursed within established periods of funds availability.

9. PROCUREMENT AND SUSPENSION AND DEBARMENT

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the NC Department of Health and Human services) are required to conform with federal agency codifications of the grants management common rule accessible on the internet at <http://www.whitehouse.gov/omb/grants/chart.html>. All grantees that expend state funds (including federal funds passed through the NC Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina general statutes and the North Carolina administrative code, which are identified in the state of north carolina agency purchasing manual accessible on the internet at http://www.doa.state.nc.us/pandc/agpurman.htm#p6_65. Nongovernmental subrecipients shall maintain written procurement policies that are followed in procuring the goods and services required to administer the program.

Suspension And Debarment

Compliance Requirement – Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Audit Objective – To determine that no contract was awarded to any party that has been suspended or debarred or whose principals have been suspended or debarred.

Suggested Audit Procedures

1. Test a sample of contracts and ascertain if the required suspension and debarment certifications were received for subawards and covered contracts.
2. Test a sample of contracts to the list of parties excluded from federal procurement or non-procurement programs, issued by the general services administration and ascertain if contracts were awarded to suspended or debarred parties.

10. Program Income

This requirement has not been passed to the subrecipients; therefore additional testing is not required

Audit Objective: Since this requirement has not been passed to subrecipients, additional testing is not required.

Suggested Audit Procedure: Not Applicable

12. REPORTING

Compliance Requirement: A monthly report of budget expenditures is to be submitted to Division of Social Services at the end of each month. Expenditures are submitted on a Division of Social Services 1571s form. In conjunction with the monthly report all Family Preservation programs are required to submit evaluation data, once a case is closed.

Audit Objective: Determine whether agency has adhered to reporting requirements.

Suggested Audit Procedure: Examine monthly reports to determine if they were submitted in a timely manner. These reports should be consistent with agency records. Perform annual site visits and annual desk monitoring to ensure that grant funds are spent in accordance with approved purposes

13. SUBRECIPIENT MONITORING

Grantees frequently contract with subrecipients to provide allowable services.

Compliance Requirement – The Contracting Agency will ensure that all subrecipients of Family Preservation grant allocations will comply with reporting requirements as outlined in the contract between the Family Preservation grant recipient and DHHS.

Audit Objective – Determine whether Family Preservation grant subrecipients are filing similar reports and statements as required by G.S. 143-6 and the Office of State Auditor’s Audit Advisory #2.

Suggested Audit Procedure –

- Monitor to provide reasonable assurance that the grantee complies with state and federal requirements
- Verify that contract subrecipients are reporting all program and expense information as required.
- Ensure the purchased activity and/or service is being provided in compliance with written agreement and Division policy.
- Require grantees to take prompt correct action where areas of non-compliance are found.