

PROGRAM 10 – RESIDENTIAL CHILD CARE PROGRAM

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

I. PROGRAM OBJECTIVES

The objective of this program is to purchase emergency shelter care and residential care services for minors for whom the state has assumed responsibility under AS 47.10 - 47.12 and for children placed by their parents.

II. PROGRAM PROCEDURES

Public funds are appropriated annually to the Department of Health and Social Services, Division of Behavioral Health. Grants are administered in accordance with the provisions 7 AAC 78 and 7 AAC 81. The sources of funds are Federal as well as State general funds. Appropriated grant funds are distributed by the grant process to non-profit, Alaska Native Tribes or local governmental agencies. Grants are awarded for a specific number of beds for a specific type of program service in a specific geographic area.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED -

1. **Compliance Requirement:** Under AS 47.40.011, Purchase of Services, the Department purchases residential services for minors for whom the State has assumed responsibility under AS 47.10 - 47.12. These services are provided within emergency stabilization and assessment programs, residential treatment programs and intensive residential treatment programs.

Suggested Audit Procedures:

- a) Review Grant Award (GA) including all conditions;
- b) Review Grant revisions and related transmittal letters;
- c) Review Licenses, certifications, approvals, status of private non-profit corporation, if applicable;
- d) Review Budget documents including final revised budget and budget narrative; and

2. **Compliance Requirement:** Costs allowed or unallowed under this program are specified by grant regulations 7 AAC 53.900 - 7 AAC 53.999 7 AAC 78, and 7 AAC 81, as well as budget document and special conditions.

Suggested Audit Procedures:

- a) Review Department of Health and Social Services' grant regulations 7 AAC 53, 7 AAC 78, 7 AAC 81 and budget documents.
- b) Test financial and related records to determine the appropriateness of costs per 7 AAC 53.900 - 7 AAC 53.999, 7 AAC 78 and 7 AAC 81.
- c) Determine whether expenditures are within the budget limits prescribed by 7 AAC 53.900-7 AAC 53.999 and 7 AAC 78.260(f)(1).

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B. ELIGIBILITY -

1. **Compliance Requirement:** The recipient must be a non-profit organization, Alaska Native Tribes or a political subdivision meeting the requirements of 7 AAC 78.030. The programs are all required to be Medicaid Providers under the state DHCS system.

Suggested Audit Procedures:

- a) Review articles of incorporation or other appropriate documents, licenses, certifications, and approvals, to determine status of agency.
- b) Review for Medicaid provider number or application in process.

C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -

1. **Compliance Requirement:** None, unless specified in the grant documents.

Suggested Audit Procedures:

- a) Review final Grant Award to identify the required level of local match;
- b) Review the agency's accounting records to determine whether local match has been contributed to the project according to the terms and conditions of the grant.

D. REPORTING REQUIREMENTS -

1. **Compliance Requirement:** The agency must submit quarterly activity and expenditure reports no later than 30 working days after the close of each quarter and a final expenditure report within 60 days of the last day of the grant year.

Suggested Audit Procedures:

- a) Confirm if such reports are being filed timely;
- b) That reported revenues and expenditures agree with the agency's general ledger; and
- c) Those expenditures are within the budget limits or grant provisions.

2. **Compliance Requirement:** The agency's audit report must present a statement of revenue and expenses, budget and actual, for each state grant. Such statements must show, for each state fiscal year grant, the final approved budget by line item category, actual revenues and expenditures and variance between budgeted and actual revenues and expenditures. Disallowed or questioned costs must be clearly disclosed.

Suggested Audit Procedures: Review grant regulation 7 AAC 78.230(e) and 7 AAC 81.160(c) to review audit report for compliance with the above.

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3. **Compliance Requirement:** The agency must clearly show on their audit report any outstanding liability to the state as payable to the state. This includes unspent grant funds and disallowed costs.

Suggested Audit Procedures:

- a) Determine whether or not the agency has any outstanding liability to the state.
- b) Review grant regulations 7 AAC 78.230(e) and 7 AAC 81.160(c).
- c) Review audit report to ensure proper presentation.

E. SPECIAL TESTS AND PROVISIONS -

1. **Compliance Requirement:** The agency must act upon any recommendations made by program site review.

Suggested Audit Procedures: Obtain copy of program site review; and determine if recommendations in the site review are being implemented.