

COMPREHENSIVE TREATMENT SERVICES PROGRAM

State Authorization: G. S. 122C-142; G.S. 143.2; 1997 S.L. 1997-443, SB 352, Section 11.35; 1999 S.L. 2000-67, HB 1840; 2001 S.L. 2001-424, SB1005; Area Program Budgeting and Procedures Manual (APSM 75-1), .1014, .1015, .1016, .1123, .1136

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

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N. C. DHHS Confirmation Reports:

SFY 2008 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 2007-2008)”. 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 2006-2008)”.

The auditor should not consider the Supplement to be a “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

To provide appropriate and medically necessary residential and nonresidential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children. Program funds may also be used to expand a system-of-care approach for services to children and their families statewide.

II. PROGRAM PROCEDURES

The North Carolina General Assembly appropriates states funds for the operation of this program. The Division of Mental Health, Developmental Disabilities and Substance Abuse Services

(DMH/DD/SAS) is designated as the lead agency within the Department of Health and Human Services (DHHS) for the overall management and provision of services to the target population. These individuals must have been determined as eligible clients by the Local Management Entities (LME). Eligible clients may receive services until their 18th birthday. The Division further allocates funds to Local Management Entities as well as a contracted state level service provider. Non-UCR budget items consist of the following:

A. Family Participation

Family participation funds are intended to offset costs in order to enhance the ability of family members to assist the State and communities to improve the service system. Family participation funds are not intended to cover the full cost of family participation.

1. Allowable Expenditures:

Family Participation may be utilized for the following (documentation regarding costs is required):

- Stipends: Compensation in the form of stipends to individual family members to help ensure their participation in system-of-care activities to assist the State and communities in improving the service system.
 - Stipends may be paid for the following:
 - Attending and participating in Division and LME related workgroups and meetings.
 - Attending and participating in local community collaborative and community collaborative related meetings.
 - Attending system-of-care training events.
 - Developing and disseminating family/parent newsletters and other educational materials relevant to promoting family involvement in the system-of-care.
- Parents as Trainers may be paid at the rate of payment in accordance with LME Board policies for trainers and consultants.
- Training events/conferences/workshops related expenses. Reimbursement to include: registration fee, travel, meals, and lodging. Reimbursement must be consistent with LME reimbursement schedules and policies.
- Travel reimbursement for mileage, parking, cab fare, etc. Reimbursement must be consistent with LME reimbursement schedules and policies.

2. Non-allowable expenditures for Family Participation:

- Child care or elder care costs.
- Stipends for family members to attend their own Child and Family Team meetings or for activities necessary to implement their child's/family service plan.
- Staff salaries (including contracted staff).
- Funds intended to supplant federal, local or other State funds.

3. Protocol:

- Family member submits stipend request form to local community collaborative. The LME and the Community Collaborative develop a Stipend Request Form that will specify the events or items for which they are asking reimbursement.
- The LME and Community Collaborative will review requests and approve or deny. The LME & Community Collaborative must approve a family member's request prior to participation in any event or activity. They will add the approval/denial information to the Stipend Request Form. If the request is approved, they will also add specific mutual expectations between the LME/Community Collaborative and the family member regarding

what they are paying for, what they are expecting from the family member, and documentation needed in order to obtain reimbursement. At a minimum, reimbursement requests should include the date and location of training or workgroup, the agenda, the outcome, and the participant's name and agency (or other affiliation).

- In order to obtain reimbursement, the family member submits the Stipend Request Form along with the specified documentation to the LME.
- Allowable amount of stipend is up to \$20.00 per hour, not to exceed \$160.00 per day. Partial hours should be rounded the nearest quarter-hour.

B. Training and Technical Assistance

This category is applicable to expenses associated for training or technical assistance needs identified by the LME in conjunction with the local Community Collaborative. Training and Technical Assistance in system-of-care principles and practices is essential for successful implementation of CTSP.

1. Allowable Expenditures:

- Development of cross-agency training in system-of-care principles and topics (Other agencies may include juvenile justice, public health, child welfare and private mental health providers)
- Attendance of LME staff with community collaborative responsibilities at system-of-care related training
- Educational materials targeted to family members (i.e., videotapes, pamphlets, and reference materials on mental health related topics and educational materials printed in foreign languages such as Spanish, Vietnamese)
- Payment of consultant/expert fees in development of system-of-care.

2. Non-allowable expenditures:

- Marketing items and giveaways
- Capital Items over \$2,000 cannot be purchased without specific Division approval.

3. Protocol:

- Training and technical assistance needs should be identified for staff internal to the LME and for 'external' partners, including (but not limited to): Juvenile Court Judges, DSS case managers/social workers, private providers, Juvenile Justice Court Counselors, Local Education Agency staff, Community Collaborative members and other relevant stakeholders.
- LME must ensure that the following information is collected and maintained: date, location of training/TA agenda/topics covered, attendees names and agency or other affiliation.

Enforcement:

Approval and accountability resides with the LME. The LME develops a policy and protocol for documentation and auditing purposes.

Procedure:

- 1) All Non-UCR advances/payments must be requested on a Financial Status Report form and sent via the regional accountant to the DHHS Controllers' office.
- 2) Allowable Non-UCR expenditures that do not exceed the LME's designated Non-UCR allocation will be paid in the DHHS Controller's Office monthly check write schedule.

C. Wraparound Services Description:

1. Interpreter Services – Sign Language and Foreign Languages
 - This is applicable for interpreter services associated with treatment services provided in any setting.
 - This may be used to cover sign language interpreter costs not otherwise covered by the Division's existing sign language interpreter services policy. (i.e., excess costs not currently reimbursed by the Division, interpreter service costs incurred by private providers, etc.)
 - Reimbursement may be provided for foreign language interpreter services for up to \$35 an hour, not to exceed 4 hours in a 24-hour period.
 - Reimbursement may be provided for sign language interpreter services at LME cost, less the amount LME are reimbursed through the existing division sign language interpreter services policy. LME cannot double bill.
2. Step-down Support:
 - This is a planned intervention that is documented in the child's individualized service plan.
 - This applies to Level III-IV and PRTF.
 - This reimbursement is to be used in conjunction with Therapeutic Leave when a child is in transition from a higher level residential placement to a lower level residential placement. This payment is to be reimbursed to the step-down (lower level) provider.
 - The step-down provider will be reimbursed the appropriate residential treatment rate for the level of care they are providing. Room and board is not reimbursed.
 - The number of days are not to exceed those authorized in the Therapeutic Leave service definition which is 45 days per child/youth per fiscal year.

Enforcement:

Approval and accountability resides with the Local Management Entity/Area Authority (LME). The LME develops a policy and protocol for documentation and auditing purposes. The attached forms must be submitted to the division on a monthly basis for data collection purposes in order to support the development of future service definitions and funding strategies. (Does this really happen? I think not but I don't really know)

Procedure:

- 1) The LME determines that Wraparound services cannot be obtained through existing funding streams or service definitions.
- 2) At the time of determination of need a service plan addendum must be added to the individualized person centered service plan.

PROCEDURES FOR PAYMENT AND SETTLEMENT OF NON-UCR EXPENDITURES

- 1) All Non-UCR advances/payments must be requested on a Financial Status Report (FSR) form and sent via the regional accountant to the DHHS Controller's Office.
- 2) Allowable Non-UCR expenditures that do not exceed the LME's designated Non-UCR allocation will be paid in the DHHS Controller's Office monthly check write schedule.

NOTE: Capital expenditures in excess of \$2000 without specific Division approval (i.e. rent, grants, equipment) are not allowed. LMEs are required to complete and submit a CTSP Funding Transfer Request Summary for Non-UCR funding specifying Non-UCR needs.

NOTE: UCR fund reserve payments are generated by the volume of service data reported/entered into IPRS by the LME. The range of services provided varies according to the individual client. They may include case management, clinical services, paraprofessional services, day treatment and education, vocational services, inpatient hospitalization and a range of residential services from low to high intensity.

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

Programs operated by a Local Management Entity or a State level contract provider may expend Comprehensive Treatment Services Program funds as approved by the Division Budget Office. This includes the provision of services in accordance with the service definitions and other allowable expenditures as limited by the approved LME budget. The LME Budgeting and Procedures Manual (APSM 75-1), identifies other allowable expenditures including funds for capital projects (Sec.1123), and other expenditures including staff, travel, supplies, and other related non-service expenditures (Sec.1136). Please reference December 3, 2004 memo that states specifically what activities are to be supported CTSP funds. This memo is located at <http://www.ncdhhs.gov/mhddsas/announce/ctspguidelines12-3-04total.pdf>.

Suggested Audit Procedures

Determine whether Comprehensive Treatment Services Program funds were expended only for allowable activities:

- a. Select a sample of transactions and perform procedures to verify that the transaction was for an allowable activity in accordance with the compliance requirement listed above.
- b. The auditor should be alert for large transfers of funds from the LME's and/or contract provider's Comprehensive Treatment Services Program revenue accounts that may have been used to fund unallowable activities.

2. Allowable Costs/Cost Principles

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.

PROCEDURES FOR CTSP NON-UCR REPORTING AND PAYMENT

LME and contractors may be paid directly for certain expenses incurred in the operation of the **Comprehensive Treatment Services Program (CTSP)** that are not included in the UCR rates or payments. These expenses are known as Non-UCR Costs.

The purpose of this document is to provide specific descriptions of allowable and non-allowable Non-UCR expenditures, detailed procedures for drawing down and settlement of those funds.

ALLOWABLE EXPENDITURE CATEGORIES FOR NON-UCR FUNDS

General – The Division will participate in reasonable and necessary costs (net of other revenue resources) in order to provide adequate and appropriate services only on behalf of those who are determined eligible or pre-eligible for the Comprehensive Treatment Services Program. The Division will only participate in direct service costs up to approved budget allocations in the Comprehensive Treatment Services Program. The Division will not participate in overhead above the level of approved budget allocations unless there is positive fund balance to support.

Reasonable costs - These costs are defined as including both the direct and indirect costs of providing services to eligible clients; as well as all necessary and proper costs of developing and maintaining the operation of client care facilities.

UNALLOWABLE EXPENDITURE CATEGORIES FOR NON-UCR FUNDS

- (a) Hiring of Area/Area Authority staff to perform any Local Management Entity (LME) function(s).
- (b) School services that should be the purview of schools and/or are covered or should be legitimately covered under IDEA or Section 504 of the Rehabilitation Act.
- (c) Department of Juvenile Justice and Delinquency Prevention (DJJDP) or Department of Social Services (DSS) residential settings. Coordination with DJJ and DSS is imperative. The LME and Community Collaborative(s) are encouraged to develop least restrictive comprehensive services and supports that provide staff where and when children and families need them.
- (d) Funds are not to be used if other means of funding are available to support services, i.e., Medicaid, Health Choice, private insurance or other public or private funding. However, CTSP funds may be used to provide services and supports, per the Child and Family Team, that seamlessly extend those services and supports otherwise offered through Medicaid, Health Choice, or other public funding.
- (e) Purchase or improvement of land or purchase, construction, and/or permanent improvement of any building or other facility; or purchase of major medical equipment.
- (f) Hiring of any other local or State governmental agency staff.

Suggested Audit Procedures

- a. Check a sample of client records to ensure that clients entered into the system for which services were reimbursed had been reviewed and approved for eligibility by relevant program staff in the LME.
- b. Check to determine if charges made to Comprehensive Treatment Services Program accounts were for allowable costs.
- c. Check to determine if all expenditures charged directly to Comprehensive Treatment Services Program expenditure accounts were valid charges.
- d. Test a sample of transactions for conformance with the following criteria:
 1. Charges represent actual costs.
 2. Charges are supported by appropriate documentation, such as approved purchase orders, receiving reports, invoices, canceled checks, and time and attendance records, and correctly charged to the account, amount, and period. Documentation may be in electronic form.
 3. Charges are calculated in conformity with generally accepted accounting principles or another comprehensive basis of accounting when required.

Suggested Audit Procedure

To determine if Non-UCR documentation is budgeted and approved, test a sample of invoices for Non-UCR costs against payment records to ensure that the invoice was budgeted and approved by the LME.

PROCEDURES FOR CTSP UCR REPORTING AND PAYMENT

CTSP UCR funds must be billed to the Integrated Payment and Reporting System (IPRS) for reimbursement. These funds may be used for individuals in the CMSED population group but per the December 3, 2004 memo titled "Expanded CTSP Funding Guidelines for Area Authorities for UCR and Non-UCR funds". These funds may be used for other children's population groups as well once all other funding sources are exhausted. This memo is located at <http://www.ncdhhs.gov/mhddsas/announce/ctspguidelines12-3-04total.pdf>.

Suggested Audit Procedures

- a. Select random sample of services provided and paid from CTSP UCR account.
- b. For Clients that are a member of the CMSED population group, ensure that services were provided and the client was enrolled in the CMSED population group during the time of service delivery.

- c. For Clients that are **not** a member of CMSED population group ensure that they are a member of a target population group capable of billing CTSP once primary sources of funding are exhausted (per December 3, 2004 memo); and confirm that primary funding UCR accounts for these clients have been fully exhausted.

4. Conflict of Interest and Certification Regarding 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. §143-6.2 for fiscal years beginning on or after July 1, 2005. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. §143-6.2(b1)) 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. §143-6.2(b2)). 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 subgrantee accountable for the legal and appropriate expenditure of those State grant funds.

Suggested Audit Procedure

- a. Determine whether the Conflict of interest policy applies.
- b. Ascertain that the contractor has a conflict of interest policy and a signed notarized Conflict of Interest statement.
- c. Check the policy and verify through board minutes that the policy was adopted before receiving and disbursing State funds.

5. Eligibility

Eligibility is based on state appropriations bill language and Division guidelines. LME staff should review each child's eligibility at least annually and maintain records of the review. These funds may only be used for those eligible clients.

Suggested Audit Procedure

- a. Check a sample of client records to ensure that clients entered into the system for which services were reimbursed had been reviewed and approved for eligibility by relevant program staff in the LME.

6. Equipment and Real Property Management

Equipment Management

This requirement refers to tangible property that has a useful life of more than one year and costs of \$2,000 or more. Such equipment may only be purchased per the conditions of the approved contract or grant agreement. Shall the contract be terminated, any equipment purchased under this program shall be returned to the Division.

Real Property Management

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

Comprehensive Treatment Services Program funds may be expended to purchase equipment.

- a. Vehicles purchased or acquired through lease/purchase agreements with Comprehensive Treatment Services Program funds must be inventoried annually. The inventory list must be submitted by July 15 of the new fiscal year to the Division. This inventory must include the year, make, mileage, the entity holding title and whether the vehicle was traded during the year.
- b. Any equipment having an acquisition cost of \$5,000 or more per unit must be disposed of in the following manner:
 1. Upon termination of the use of the equipment, the Division shall be contacted for disposition instructions for equipment purchased with Comprehensive Treatment Services Program funds.
 2. Section's share of the fair market value as established at the time of original purchase. The Section's share will be established in accordance with APSM 75-1, .1016(b).
 3. Equipment which is fully depreciated and has no remaining useful life may be disposed of according to LME policy without contacting the Division [APSM 75-1 (.1016)].
 4. State level contractors must obtain prior approval from the Division for the purchase or lease arrangement for vehicles and furniture purchases.

Suggested Audit Procedure

- a. To determine that equipment purchased with Comprehensive Treatment Services Program funds is being properly inventoried and disposed of in accordance with APSM 75-1 .1016(b).
 1. Identify vehicles or other equipment acquired using Comprehensive Treatment Services Program funds during the audit period and trace selected purchase to property records. Verify that the property records contain the following information about the vehicle: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of State participation in the cost, location, condition, and any ultimate disposition data including the date of disposal and sales price or method used to determine current fair market value.
 2. To review all sales of equipment purchased with Comprehensive Treatment Services Program funds during the fiscal year, review all sales documents related to equipment sold during the current year that was purchased with Comprehensive Treatment Services Program funds. Test to determine whether the Division was reimbursed from the proceeds of the sale(s) for its appropriate share.

8. Period of Availability of State Funds

This requirement does not apply at the local level.

9. Procurement and Suspension and Debarment

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. 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 N. C. 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/aspurman.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

All grantees awarded contracts utilizing Federal dollars must be in compliance with the provisions of Executive Order 12549, 45 CFR Part 76 and Executive Order 12689.

This requirement does not apply to this contract.

11. Real Property Acquisition and Relocation Assistance

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

12. Reporting

Funds appropriated for Comprehensive Treatment Services Program shall be expended only for services to eligible Comprehensive Treatment Services Program clients.

Suggested Audit Procedure

- a. To ensure that services are reported on behalf of eligible Comprehensive Treatment Services Program clients in accordance with the monthly transmission schedule.
 - Test a representative sample of event tickets tracking back to individual notes in client records verifying that the service was provided to a Comprehensive Treatment Services Program client and that the volume of service data was accurately keyed in locally.

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. §143-6.2 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 fiscal compliance of subcontractors as described above.

Suggested Audit Procedure

To determine that services and supports paid for were in fact provided, test a sample of invoices from contractors to ensure that contracted services were provided and that accreditation is in place.

14. 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 Procedure

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