

CENTRAL CAROLINA HEALTH NETWORK

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND COMPLIANCE REPORTS**

Years Ended June 30, 2012 and 2011



Personal attention. Verifiable results.

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
Central Carolina Health Network
Greensboro, North Carolina

We have audited the accompanying statements of financial position of Central Carolina Health Network (the Network), a non-profit organization, as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Network's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Network as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 25, 2012, on our consideration of the Network's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Network taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Davenport, Marvin, Joyce & Co., LLP

Certified Public Accountants
Greensboro, North Carolina

October 25, 2012

CENTRAL CAROLINA HEALTH NETWORK

FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

CENTRAL CAROLINA HEALTH NETWORK

STATEMENTS OF FINANCIAL POSITION

June 30, 2012 and 2011

ASSETS

	2012	2011
Current Assets		
Cash	\$ 80,472	\$ 109,032
Accounts receivable-government grants	288,237	211,977
Other receivables	643	1,182
Total Current Assets	<u>369,352</u>	<u>322,191</u>
Property, Plant and Equipment	21,180	20,983
Less: accumulated depreciation	<u>(11,424)</u>	<u>(11,867)</u>
Total Property, Plant and Equipment	<u>9,756</u>	<u>9,116</u>
Total Assets	<u>\$ 379,108</u>	<u>\$ 331,307</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 209,442	\$ 161,932
Advances	83,091	93,085
Total Liabilities	292,533	255,017
Net Assets - Unrestricted	<u>86,575</u>	<u>76,290</u>
Total Liabilities and Net Assets	<u>\$ 379,108</u>	<u>\$ 331,307</u>

See accompanying notes to financial statements.

CENTRAL CAROLINAL HEALTH NETWORK

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2012 and 2011

	2012	2011
Revenue and Support		
Government contracts	\$ 1,732,209	\$ 1,648,589
Grants	71,569	62,992
Contributions	9,217	17,091
Miscellaneous income	8,122	8,581
	<u>1,821,117</u>	<u>1,737,253</u>
Expenses		
<i>Program Services:</i>		
Ryan White Part B	904,282	987,538
Housing Opportunities for Persons with AIDS	382,996	415,285
Central Carolina Family Resource Network - Ryan White Part D	444,930	245,766
CHF Bridge Counseling	71,569	62,992
<i>Supporting Services:</i>		
Management and General	7,055	4,489
	<u>1,810,832</u>	<u>1,716,070</u>
Increase in Net Assets	10,285	21,183
Net Assets, beginning	<u>76,290</u>	<u>55,107</u>
Net Assets, ending	<u>\$ 86,575</u>	<u>\$ 76,290</u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012

	Ryan White Part B	Housing Opportunities For Persons With AIDS	Central Carolina Family Resource Network Ryan White Part D	CHF Bridge Counseling	Management and General	Total
Client services	\$ 700,114	\$ 365,934	\$ 306,589	\$ 8,920	\$ 797	\$ 1,382,354
Salaries	139,914	9,732	37,720	40,076	-	227,442
Fringe benefits	31,527	3,062	7,784	10,533	-	52,906
Bank charges	-	-	-	-	318	318
Depreciation	-	-	-	-	2,253	2,253
Professional and consulting	6,524	2,494	2,176	-	-	11,194
Office supplies	1,723	57	82,338	-	380	84,498
Telephone	3,197	78	598	1,106	-	4,979
Postage	578	20	150	-	19	767
Rent expense	14,437	552	4,211	-	-	19,200
Insurance	1,560	548	602	5	-	2,715
Computer maintenance	1,467	123	619	-	300	2,509
Travel	3,011	396	1,823	5,664	216	11,110
Training and meetings	230	-	320	-	1,176	1,726
Miscellaneous	-	-	-	5,265	1,596	6,861
	<u>\$ 904,282</u>	<u>\$ 382,996</u>	<u>\$ 444,930</u>	<u>\$ 71,569</u>	<u>\$ 7,055</u>	<u>\$ 1,810,832</u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011

	Ryan White Part B	Housing Opportunities For Persons With AIDS	Central Carolina Family Resource Network Ryan White Part D	CHF Bridge Counseling	Management and General	Total
Client services	\$ 762,304	\$ 404,514	\$ 191,886	\$ -	\$ 238	\$ 1,358,942
Salaries	152,044	4,802	32,787	36,730	-	226,363
Fringe benefits	35,953	1,095	7,186	7,804	-	52,038
Bank charges	-	-	-	-	266	266
Depreciation	-	-	-	-	1,226	1,226
Professional and consulting	6,398	2,445	2,133	-	-	10,976
Office supplies	2,387	141	1,028	-	204	3,760
Telephone	4,376	114	819	1,218	-	6,527
Postage	510	14	134	-	-	658
Rent expense	14,962	532	4,058	-	250	19,802
Insurance	1,428	451	431	309	-	2,619
Computer maintenance	2,311	731	712	-	-	3,754
Travel	4,147	446	4,160	4,140	215	13,108
Training and meetings	718	-	432	30	1,502	2,682
Miscellaneous	-	-	-	12,761	588	13,349
	<u>\$ 987,538</u>	<u>\$ 415,285</u>	<u>\$ 245,766</u>	<u>\$ 62,992</u>	<u>\$ 4,489</u>	<u>\$ 1,716,070</u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 10,285	\$ 21,183
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,253	1,226
Changes in assets and liabilities:		
Increase in receivables	(75,721)	(60,890)
Increase in accounts payable	47,510	101,864
Decrease in advances	(9,994)	(32,204)
Net Cash Provided by (Used in) Operating Activities	<u>(25,667)</u>	<u>31,179</u>
Cash Flows from Investing Activities		
Purchases of property, plant, and equipment	<u>(2,893)</u>	<u>(6,920)</u>
Net Cash Used in Investing Activities	<u>(2,893)</u>	<u>(6,920)</u>
Net Increase (Decrease) in Cash	(28,560)	24,259
Cash, beginning	<u>109,032</u>	<u>84,773</u>
Cash, ending	<u>\$ 80,472</u>	<u>\$ 109,032</u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Central Carolina Health Network (the Network) is one of 10 regional networks formed in North Carolina for the purpose of providing essential health and support services to persons in North Carolina living with HIV disease. The Network serves eight county areas consisting of Alamance, Caswell, Davidson, Guilford, Montgomery, Randolph, Rockingham, and Stanley.

Basis of Accounting

The financial statements of the Network have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Network is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2012 and 2011, the Network had no temporarily restricted or permanently restricted net assets.

Restricted and Unrestricted Revenue

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Temporarily restricted revenue is classified as unrestricted if restriction is met in the same period the funds are received.

Income Tax Status

The Network is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Network accounts for uncertain income tax positions by prescribing a minimum probability threshold a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position, based solely on its technical merits, that would more likely than not be sustained upon examination by the relevant tax authority with knowledge of the same facts. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. Based on all known facts and circumstances and current tax law, the Network believes the total amount of uncertain income tax position liabilities and related accrued interest are not material to its financial position.

As of June 30, 2012 and including the previous three years considering extensions, the Network's income tax returns are open and subject to examination by tax authorities with relevant jurisdiction. Should such an examination take place, management does not anticipate any significant issues related to the open years.

CENTRAL CAROLINAL HEALTH NETWORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]*

Property and Equipment

Property and equipment, if purchased, is recorded at historical cost. Donated property and equipment is recorded at its fair market value. Depreciation is recorded using the straight-line method over its estimated useful life.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates.

Revenue Recognition

Funds are provided to the Network pursuant to a contract, therefore, revenue is recognized as soon as the conditions of the contract are met. Expenditure is the primary factor in this determination. As soon as funds are expended, the funding agency is obligated to reimburse the Network and revenue is recognized even though the funds may not have actually been received. Of the \$1,732,209 recognized as revenue from government contracts, \$288,237 is revenue that has not yet been received by the Network as of June 30, 2012. Of the \$1,648,589 recognized as revenue from government contracts, \$211,977 is revenue that had not been received by the Network as of June 30, 2011.

2. PROGRAMS

Ryan White Part B

The Network receives and administers funds made available by Part B of the Ryan White HIV/AIDS Treatment Extension Act of 2009. This program provides outpatient and support services to individuals infected with HIV/AIDS.

Central Carolina Family Resource Network

Program funded by Part D of the Ryan White HIV/AIDS Treatment Extension Act of 2009 to serve women, youth, adolescents, and families infected with and affected by HIV through coordination of family-centered, community-based comprehensive systems of care.

Housing Opportunities for Persons with Aids

Program funded by the U.S. Department of Housing and Urban Development through a state contract to provide housing assistance for individuals infected with HIV/AIDS.

3. LINE OF CREDIT

The Network has an unsecured line of credit with a financial institution with maximum credit not to exceed \$50,000. Interest is determined daily at the lending institution's prime lending rate plus 1.00% and payable monthly. At June 30, 2012 and 2011, the lending institution's prime lending rate was 3.25%, and the outstanding principal balance was \$0.

CENTRAL CAROLINA HEALTH NETWORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

4. LEASE COMMITMENTS

The Network leases its office facilities and certain equipment under noncancelable operating leases which expire at various dates through 2016. Rent expense under these leases was \$20,103 and \$20,562 for the years ended June 30, 2012 and 2011, respectively. Future minimum lease payments under noncancelable operating leases as of June 30, 2012, are as follows:

For the Years Ending June 30:

2013	\$ 20,394
2014	20,394
2015	20,394
2016	<u>15,295</u>
	<u>\$ 76,477</u>

5. RETIREMENT PLAN

The Network provides a simple IRA retirement plan to all full-time employees. The Network matches employee contributions up to a maximum of 3% of eligible wages. Total employer contributions were \$3,608 and \$2,591 for the years ended June 30, 2012 and 2011, respectively.

6. SUBSEQUENT EVENTS

The Network evaluated events occurring subsequent to the statement of financial position date through October 25, 2012, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CENTRAL CAROLINA HEALTH NETWORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

	Federal CFDA Number	Federal Awards	Federal Expenditures
	<u> </u>	<u> </u>	<u> </u>
US Dept. of Health and Human Services			
Ryan V. White Part D	93.153	\$ 444,930	\$ 444,930
Division of Epidemiology-HIV/STD Prevention and Care Branch			
CDC-Pass thru from State-NC			
Dept. of Health and Human Services:			
Ryan V. White Part B	93.917	904,282	904,282
HOPWA	14.241	<u>382,997</u>	<u>382,997</u>
Total Federal Awards		<u>\$ 1,732,209</u>	
Total Expenditures of Federal Awards			<u>\$ 1,732,209</u>

The above schedule is prepared on the accrual basis of accounting.

See accompanying notes to financial statements.

COMPLIANCE REPORTS



Personal attention. Verifiable results.

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Executive Committee
Central Carolina Health Network
Greensboro, North Carolina

We have audited the financial statements of Central Carolina Health Network (the Network), for the year ended June 30, 2012, and have issued our report thereon dated October 25, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

Management of the Network is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the Network's internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Network's internal controls over financial reporting.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the Network's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Network's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Item 12-1.

We noted certain matters that we reported to management of the Network in a separate letter dated October 25, 2012.

The Network's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Network's responses and, accordingly, we express no opinion on them.

Page 2

This report is intended solely for the information of the Executive Committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Davenport, Marwin, Joyce & Co., LLP

Certified Public Accountants
Greensboro, North Carolina

October 25, 2012



Personal attention. Verifiable results.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Executive Committee
 Central Carolina Health Network
 Greensboro, North Carolina

Compliance

We have audited the compliance of Central Carolina Health Network (the Network) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Network's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Network's management. Our responsibility is to express an opinion on the Network's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Network's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Network's compliance with those requirements.

In our opinion, the Network complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Item 12-1 .

Internal Controls Over Compliance

The management of the Network is responsible for establishing and maintaining effective internal controls over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Network's internal controls over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal controls over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the Network's internal controls over compliance.

A deficiency in internal controls over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal controls over compliance is a deficiency, or combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal controls over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above.

The Network's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Network's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the Executive Committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Davenport, Marwin, Joyce & Co., LLP

Certified Public Accountants
Greensboro, North Carolina

October 25, 2012

CENTRAL CAROLINA HEALTH NETWORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements		
Type of auditor’s report issued:		Unqualified
Internal controls over financial reporting:		
Material weakness identified	___ Yes	_X_ No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	_X_ No
Noncompliance material to financial statements	___ Yes	_X_ No
Federal Awards		
Internal controls over major programs:		
Material weakness identified?	___ Yes	_X_ No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	_X_ No
Type of auditor’s report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133	_X_ Yes	___ No

Identification of Major Programs

<u>CFDA Number</u>	<u>Description</u>
93.917	Ryan V. White Part B
93.153	Ryan V. White Part D
14.241	HOPWA

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	_X_ Yes	___ No

CENTRAL CAROLINA HEALTH NETWORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ryan V. White Part B (CFDA 93.917) and Part D (CFDA 93.153)

12-1 Intake forms for eight clients receiving services were not updated for the applicable six month period

Condition: In our testing of client files, we identified eight intake forms that had not been updated for the applicable six month period.

Criteria: The Network must perform an update of each client's intake form that receives services every six months.

Cause: This condition was caused by management oversight of two sub-recipient entities.

Effect: By not updating the intake forms, the clients were not properly reassessed for the program.

Auditor's Recommendation: We recommend that someone from the Network perform regular audits of pass-through organizations to ensure that all requirements are met.

Grantee Response: During the 2011/2012 program year, the AIDS Care Program required RW funded agencies to change from assessing client eligibility once a year to twice a year on a predetermined schedule. There was initially a good bit of confusion re: who was affected by the change and what forms still needed to be completed annually (i.e., medical case management assessment forms) versus twice a year (state checklist, financial eligibility form, etc.). Information regarding the change has been communicated to the subcontracted agencies multiple ways (via email, phone calls, face-to-face meetings, and one state sponsored training.) Results of the fall site visits completed so far indicate that subcontracted agency staff now understand the requirements and are completing all necessary paperwork as required.

CENTRAL CAROLINA HEALTH NETWORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2012

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ryan V. White Part B (CFDA 93.917)

11-1 Intake form for client receiving services was not updated for the year 2010-2011

Condition: In our testing of client files, we identified one intake form that had not been updated in the current year.

Criteria: The Network must perform an update of each client's intake form that receives services during that year.

Cause: This condition was caused by management oversight of a sub-recipient entity.

Effect: By not updating the intake form, the client was not properly reassessed for the program.

Auditor's Recommendation: We recommend that someone from the Network perform regular audits of pass-through organizations to ensure that all requirements are met.

Grantee Response: This finding reflects some confusion re: RW eligibility requirements as we have moved away from enrolling all clients in case management to enrolling many clients only for RW support services. Corrective actions already undertaken include:

- A phone call to the agency where this issue was identified to review RW eligibility requirements for the case management and non-case management clients
- An email to support service providers detailing what is required (in terms of forms and back up documentation) to show client eligibility for RW

Additionally, fall site visits to all providers began October 24, 2011. Files selected for review during these visits will be checked to see that the necessary documentation is in place.

11-2 Financial eligibility form missing for one client receiving services

Condition: In our testing of client files, we identified one client whose financial eligibility form was not in the file.

Criteria: The Network must perform an update of each client's intake form that receives services during that year.

Cause: This condition was caused by management oversight of a sub-recipient entity.

Effect: By not updating the intake form, the client was not properly reassessed for the program.

Auditor's Recommendation: We recommend that someone from the Network perform regular audits of pass-through organizations to ensure that all requirements are met.

CENTRAL CAROLINA HEALTH NETWORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2012

Grantee Response: This finding reflects some confusion re: RW eligibility requirements as we have moved away from enrolling all clients in case management to enrolling many clients only for RW support services. Corrective actions already undertaken include:

- A phone call to the agency where this issue was identified to review RW eligibility requirements for the case management and non-case management clients
- An email to support service providers detailing what is required (in terms of forms and back up documentation) to show client eligibility for RW

Additionally, fall site visits to all providers began October 24, 2011. Files selected for review during these visits will be checked to see that the necessary documentation is in place.