§ 374-d. Authority to operate public institutions for children. A social services official who is authorized to place children in family homes and institutions, pursuant to section three hundred ninety-eight, may be authorized by the department to operate public institutions for children in compliance with regulations of the department, provided that such official demonstrates to the satisfaction of the department the need therefor and that suitable care is not otherwise available for children under the care of such official. Such institutions shall be subject to supervision, visitation and inspection by the department and shall also be subject to visitation and inspection by the board.