

93.917

**HIV CARE FORMULA GRANTS**

**State Project/Program: RYAN WHITE PROGRAM**

**U. S. Department of Health and Human Services**

**Federal Authorization:** Public Health Service Act, Title XXVI, Section 2603, Public Law 109-415, December 19, 2006, Ryan White HIV/AIDS Treatment Modernization Act.

**State Authorization:** North Carolina Administrative Code Title 15A, Section 16A.0900 and 16A.1000

**N. C. Department of Health and Human Services  
Division of Public Health – Communicable Disease Branch**

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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 Subrecipients 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 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 goal of the Ryan White program is to ensure the provision of outpatient medical and ancillary care services for HIV-positive individuals and their families through:

- 1 Affording access to HIV medications for low-income individuals who have no other source to provide payment for these medications. This includes ensuring the availability of a formulary of HIV-specific medications, which are consonant with current federal standards of care, and a prescribed procedure for authorizing and ensuring participation in the program.

- 2 Development and implementation of a system of HIV care consortia to ensure planning and delivery of HIV care services consistent with local needs. There are 7 HIV Care Consortia in North Carolina serving all 100 counties. These Consortia receive funding based upon a distribution formula, which takes into account the numbers of infected individuals, as well as selected socio-demographic factors. Consortia are permitted to use up to 10% of allocated funds for administration, and up to an additional 20% for planning, development and evaluation activities; a minimum of 70% of the funds must be used in the provision of services to clients. In addition, 75% of all client services funds must be for the provision of Core Medical Services, as defined by HRSA. Up to 25% of client services funds can be for Support Services, also defined by HRSA. These services can be provided directly or by subcontractors, either in response to an RFP or through another distribution methodology designated by the Consortium.
- 3 Planning, development and implementation of programs to ensure that specialized care services, which are not local in nature, are available to HIV-positive individuals. This is meant to insure that services which cannot be provided throughout a local Consortium region, or which have a multi-regional or statewide impact, can be funded. Current funding in this area included projects to provide primary HIV medical and/or dental care in unserved/underserved areas (13 projects currently funded) and a grant funded to Duke University Law School AIDS Legal Assistance Clinic to provide a variety of legal assistance activities related to HIV infection: direct service to clients; development of training modules and conduct of training; and provision of technical assistance on HIV legal issues.

## **II. PROGRAM PROCEDURES**

Federal grant funds are awarded to the State by the Health Resources and Services Administration (HRSA) through Public Health Service Act, Title XXVI, Ryan White Comprehensive AIDS Resources Emergency (CARE) Act of 1990, Title II, Part B, Sections 2611-2620, Public Law 101-381, and Ryan White CARE Act amendments of 1996, PL 104-146 and amendments of 2000, PL 106-345: 42 U.S.C. 300ff-21 et seq., using an allocation process based upon comparative epidemiological data. The State Legislature has also appropriated funds strictly for the provision of HIV Medications.

Funds are allocated to consortia based upon a formula incorporating several factors. Consortia then develop a program plan, which is submitted annually. Contracts are developed based on these submitted plans. Other funds, as may be available, are awarded on the basis of a Request for Applications (RFA) or may be re-authorized based on a previous competitive process. HIV Medications funds (AIDS Drug Assistance Program – ADAP) are administered directly by the State.

## **III. COMPLIANCE REQUIREMENTS**

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should look first at Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements. The contractual relationship between the state and local health departments is more fully explained below under the heading Consolidated Agreement System.

The North Carolina Commission for Health Services has adopted specific rules for the Division

of Public Health for funding special programs and projects, which are codified in 15A NCAC 19A .0600-0605 and are available from the Epidemiology Section. Funds are made available to contractors for service contracts by written contracts, which are available from the AIDS Care Unit. The contract between the parties should be reviewed prior to beginning the audit. The Federal regulations are found in PHS (Grants Policy Statement), DHHS (Office of the Assistant Secretary for Health) Publication No. 94-50,000, (Rev.) April 1, 1994 (<http://grants.nih.gov/grants/policy/gps>). Program guidelines and instructions are included in the application kit, which is available from the Grants Management Office.

#### **A. ACTIVITIES ALLOWED OR UNALLOWED**

Funds received under a grant may be used to establish and operate HIV care consortia within areas most affected by HIV disease that shall be designed to provide a comprehensive continuum of care to individuals and families with HIV disease; provide home and community-based care services for individuals with HIV disease; provide assistance to assure the continuity of health insurance coverage for individuals with HIV disease; and provide treatments, that have been determined to prolong life or prevent serious deterioration of health, to individuals with HIV disease. A state shall ensure that spending on women, infants, children and youth is commensurate with the demographics of those populations in the state. Funds may not be used to purchase or improve land, or to purchase, construct or make permanent improvement to any building except for minor remodeling. Funds may not be used to make payments to recipients of services. States may use no more than 10 percent of funds for administration and no more than 10 percent of funds for planning and evaluation; however states may use no more than 15 percent for administration, planning and evaluation. After the first year of grant support, 75 percent of grant funds must be obligated within 120 days of the budget period start date. Subgrantees may use a maximum of 10 percent of their award for administration. The AIDS Care Unit further permits its consortia to use up to 20 percent of their award for planning and evaluation. Subgrantees must utilize at least 75 percent of their award for the provision of core services.

#### **B. 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.

#### **C. CASH MANAGEMENT**

Funds are granted on a reimbursement basis and no testing is required at the local level.

#### **E. ELIGIBILITY**

All public and private non-profit organizations are eligible for Communicable Disease Branch funding. Proof of non-profit status is required.

Individuals and families with HIV disease are eligible to receive services. Federal guidelines suggest that funds be utilized to provide services for those who are most needy; they do not provide a definition of this criteria, therefore, each state has adopted its own qualifiers. For the HIV Medications Program, the State will only provide services for those whose net family income is 300 percent or less of the FPL (15A NCAC 16A.1004, 15A NCAC 24A.0200).

**F. EQUIPMENT AND REAL PROPERTY MANAGEMENT**

The Contractor agrees that it shall be responsible for the proper custody and care of any property furnished to it for use in connection with the performance of this contract and will reimburse the Division for loss of, or damage to, such property. At the termination of this contract, the Contractor shall contact the Division for instructions as to the disposition of such property and shall comply with these instructions.

**G. MATCHING, LEVEL OF EFFORT, EARMARKING**

This is a requirement in the OMB Circular A-133 federal supplement. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

**H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS**

Funds are available to the sub grantee for the period delineated by the effective dates of the contract with the Division of Public Health.

**I. PROCUREMENT AND SUSPENSION AND DEBARMENT**

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/agpurman.htm#P6\\_65](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.

**J. PROGRAM INCOME**

Subgrantees do not earn program income; no testing is necessary at the local level.

**L. REPORTING**

Subgrantees must submit quarterly reports to the AIDS Care Unit using a form specified by the Unit. The report will: 1) compare actual accomplishments to negotiated objectives; 2) set forth the reasons and justifications for the difference between actual accomplishments and negotiated objectives; and 3) other pertinent information. Contractors are required to submit Contract Expenditure Report, DHHS 2481 on a schedule set out in the contract between the parties. Local health department reporting requirements are set forth in Section C. FISCAL CONTROL of the Consolidated Agreement. Copies of these reports are available from the AIDS Care Unit, Epidemiology Section, 1902 Mail Service Center, Raleigh, North Carolina 27699-1902, (919) 733-9526 (see Section N).

**M. SUBRECIPIENT MONITORING**

The sub grantee shall not subcontract any of the work contemplated under this financial assistance contract without prior written approval from the Division of Public Health. Any approved subcontract shall be subject to all conditions of this contract. Only the subcontractors specified in the contract documents are to be considered approved upon award of the contract. The Division shall not be obligated to pay for any work performed by any unapproved subcontractor. The Contractor shall be responsible for the performance of all of its subcontractors and will monitor said performance to ensure compliance with performance standards.

**N. SPECIAL TESTS AND PROVISIONS**

**Consolidated Agreement System**

The DHHS Division of Public Health is made up of five major sections: Administrative, Local and Community Support, Chronic Disease and Injury, Epidemiology, Oral Health and Women’s and Children’s Health Sections. The Division utilizes a single written agreement to manage all funds, that is, State, federal, or private grant funds, that the Division allocates to local health departments across the State. This document, as amended, is called the Consolidated Agreement.

The Agreements sets forth the more general requirements of the funding relationship between the state and local public health agencies. The respective requirements are detailed under the headings: Responsibilities of the Department (Local Public Health Unit); Funding Stipulations; Fiscal Control; Responsibilities of the State; and Compliance. More specific information related to program activity is set out in a document called the Agreement Addenda, which detail outcome objectives (which may or may not be negotiable at the beginning of each fiscal year) that each health department must achieve in exchange for the funding. A third part of the system is the Budgetary Authorization which is sent annually from each of the Sections or Branches of the Division to all health departments being allocated funds from specific sources, i.e., State appropriations or other federal grant funds for specific activities. This Estimate indicates the amount of the allocated funds and their respective sources. Each health department should be able to provide an auditor with a copy of the Consolidated Agreement for the particular year being audited, as well as copies of the Budgetary Authorization and any revisions, Agreement Addenda, expenditure reports and any activity reports for each source of money received. If the health department cannot provide these documents, they may contact the State Division of Public Health Budget Office for assistance.

**Suggested Audit Procedures** – The auditor should review Section B. FUNDING STIPULATIONS of the Consolidated Agreement before beginning an audit. The fourteen items of this Section describe much of the detailed information the auditor may be seeking during a review of these programs.

**Conflicts 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. 143C-6-23 for fiscal years beginning on or after July 1, 2007. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. 143C-6-23(b)) and a written statement (if applicable) completed by the grantee's board of directors or other governing body 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. 143C-6-23(c)). 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.

**Audit Objective** – Determine whether the grantee has adopted and has on file, a conflict of interest policy, before receiving and disbursing State funds.

**Suggested Audit Procedures:**

1. Ascertain that the grantee has a written conflict of interest policy.
2. Check the policy and verify through board minutes that the policy was adopted before the grantee received and disbursed State funds.