

84.181 SPECIAL EDUCATION GRANTS FOR INFANTS AND FAMILIES WITH DISABILITIES

State Project/Program: NORTH CAROLINA INFANT TODDLER PROGRAM

U. S. DEPARTMENT OF EDUCATION

Federal Authorization: Individuals with Disabilities Education Act (IDEA), Part C, as amended, 20 U.S.C. 1471-1485

State Authorization: General Statute (G. S.) 130A-5(3) and G. S. 130A-124; North Carolina Administrative Code 10A NCAC 43G

**N. C. Department of Health and Human Services
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N. C. DHHS Confirmation Reports:

SFY 2019 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following web address: <https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>. At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2018-2019). Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2017-2019).”

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 (codified in 10A NCAC 43G .0109)

The North Carolina Infant Toddler Program (ITP) is comprised of 16 Children’s Developmental Services Agencies (CDSAs) staffed by multidisciplinary teams of specialists including pediatricians, nurses, psychologists, physical or occupational therapists, speech/language pathologists, social workers, service coordinators, educational diagnosticians, nutritionists and others. The CDSAs provide evaluations to determine eligibility and service planning, service coordination, and specialized services as required by an Individualized Family Service Plan (IFSP)

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to children up to three years of age. The CDSAs maintain a network of private and public providers who provide IFSP services. Children served have either developmental delays and/or disabilities or established health conditions that are known to lead to developmental delay and/or disability.

The CDSAs serve as the local lead agency under the Individuals with Disabilities Education Act (IDEA), Part C. They provide or assure the availability of the 18 services required under Part C of IDEA.

II. PROGRAM PROCEDURES (codified in 10A NCAC 43G .0111)

There are 12 State-operated CDSAs and 4 contracted CDSAs. Each of the 16 agencies is strategically located to ensure that services are available to all 100 counties. Because of the complexity of services required and because services must be accessible geographically, the contracted agencies are “sole source” providers. Thus, Requests for Proposals (RFPs) are not utilized. The contractors have consistently provided services to children residing in North Carolina since 1964. Contractors receive funding based on “catchment” area demographics (such as population, children in poverty, county size). In addition to demographics, funding is also distributed based on statewide program mandates and initiatives.

Children are referred to the CDSAs by parents, child care providers, family physicians and other health care providers and are then provided an evaluation by a multidisciplinary team to determine program eligibility. Pertinent information, such as medical records, is gathered and reviewed by agency staff. A service coordinator is assigned to coordinate services that are provided to the child and family. Once eligibility is established, an Individualized Family Services Plan (IFSP) team, which includes at least one evaluator, the family, and the service coordinator, collaborates to make decisions about how to help the child and family define and reach goals. The family is a critical member on this team and provides information regarding their child’s needs, what they would like to see as outcomes for their child and what issues and concerns they have and want support with from the team. After the IFSP has been developed, the service coordinator ensures that the specified interventions are initiated and as needed, supports families to connect with other community resources.

The four contract CDSAs all receive State as well as federal funding. The majority of the services must be provided in natural environments (home or in settings where typically developing young children would be found). Services must be family centered. Each family must have access to service providers based on the child’s needs and family’s goals as stated in the IFSP, which may include without limitation, Speech, Physical Therapy, Occupational Therapy, Nutrition, Nursing, Assistive Technology and/or Specially Designed Instruction (also referred to as Community-Based Rehabilitative Services (CBRS), to name a few.

Source of Governing Requirements

These programs are authorized under 20 USC 1431 through 1443. Implementing regulations specific to this program are found at 34 CFR Part 303.

III. COMPLIANCE REQUIREMENTS

A. ACTIVITIES ALLOWED OR UNALLOWED

Activities are authorized in the North Carolina Administrative Code; Subchapter 10A NCAC 43G. The Statutory Authority is G. S. 130A-5(3) and G. S. 130A-124.

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Each contract with the four (4) contract CDSAs includes a “scope of work” which is incorporated into the contract. The activities allowed/unallowed reported below are not all inclusive. See the specific contract scope for the entity being audited.

Funds may be used to: Operate a CDSA in a designated area of the State for the purpose of determining eligibility, providing service coordination and IFSP services to all children enrolled in the NC Infant Toddler Program; secure and maintain specialized staff; secure and maintain inventory, supplies, materials, and equipment necessary to operate a CDSA; and secure adequate facilities/office space to support the CDSA operation.

Funds may not be used for capital improvements, renovations or repairs to buildings without approval by the State. Funds may not be used to support overhead beyond 10% of expenditures for salaries.

Suggested Audit Procedure: Verify through a sample that the activities related to the contract were the activities performed through that contract.

B. ALLOWABLE COSTS/COST PRINCIPLES

Cost must be reasonable and necessary for the performance and administration of the award/grant and be allocable to the activity. In the event CDSA staff cannot deliver required services due to extended or unanticipated absences, excessive case load or other emergency situations, the contractor may secure services through other arrangements. Payments for services are to be based on the usual and customary hourly rate charge by professional/clinicians in the geographic area.

Suggested Audit Procedure: Verify through a sample that the costs incurred under the grant would be deemed reasonable, necessary, and allocable by a prudent person in similar circumstances.

C. CASH MANAGEMENT

This is a requirement in the Uniform Grant Guidance, 2 CFR Part 200. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

E. ELIGIBILITY

North Carolina children from birth to age three who have either developmental delays and/or disabilities or established health conditions that are known to lead to developmental delay and/or disability are eligible for evaluation through the North Carolina Infant Toddler Program. Anyone may refer a child and it is strongly recommended that parents are informed of the referral. No one is denied service because of an inability to pay. Children who show evidence or potential for developmental delay in areas such as speech and hearing difficulties, learning problems, delays in cognitive development, metabolic or genetic abnormalities, elevated activity levels, or delays in physical development are candidates for evaluation, treatment and service coordination. (10A NCAC 43G 0110)

Suggested Audit Procedure: Verify through a sample that enrolled recipients meet eligibility criteria.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

The contractor may purchase medical and office equipment necessary to adequately support the CDSA operation. Equipment exceeding \$5,000 per item requires prior approval from the federal funder, which is the U.S. Department of Education. The state is responsible for securing this approval. Income generated resulting from the sale of surplus equipment must be used by the contractor for the operation of the CDSA.

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Suggested Audit Procedure: Verify that approval was received before purchases of equipment exceeding \$5,000 per item are made.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

There is a maintenance of effort requirement in the Individuals with Disabilities Education Act (IDEA) and in the Uniform Grant Guidance, 2 CFR Part 200. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

H. PERIOD OF PERFORMANCE

The period of availability of Federal funds is July 1st through June 30th.

Suggested Audit Procedure: Verify through a sample that the funds received were expended or obligated within the grant period.

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 https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl.

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 Procurement Manual accessible on the Internet at http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf.

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

J. PROGRAM INCOME

Income generated as a result of CDSA services must be used for CDSA activities and services. (10A NCAC 43G). The sources of income that may be available to a CDSA are State, Federal, insurance receipts and payments by families according to a sliding fee scale.

Suggested Audit Procedure: Verify through a sample that program income generated was used for CDSA activities and services.

L. REPORTING (10A NCAC 43G)

Service data are required to be reported through the Health Information System. Monthly expenditure reports are required for IDEA, Part C funds.

Examples of most used monthly service data and financial reports include the following:

- Clients by Referral Source and Referral Disposition
- Clients Who Received Evaluations
- Clients Who Received Treatments
- Clients Who Received Services Other than Treatments and Evaluations
- Monthly Contract Expenditure Reports (CERs)

M. SUBRECIPIENT MONITORING

Program standards are outlined in the Division of Public Health's "Early Intervention Subrecipient Monitoring Plan". The Program's federal funder, the Office of Special Education Programs, requires each state to develop a general supervision and monitoring plan. This plan is outlined in the program's "State Performance Plan".

N. SPECIAL TESTS AND PROVISIONS

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(b1)) 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.