93.243-2 **SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES: PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE: DISCRETIONARY**

State Project/Program: **MEDICATION-ASSISTED TREATMENT – PRESCRIPTON DRUG AND OPIOID ADDICTION (MAT-PDOA)**

ACCESS TO RECOVERY (ATR)

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION

Federal Authorization: Children's Health Act of 2000 Section 516 of the Public Health Service Act of 2000, Section 520A-J,581,582, Public Law 106-310; Public Health Service Act, Title V, Section 509,516,42 U.S.C.290bb.

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

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NC 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:

To carry out the state plan by providing comprehensive substance use disorder prevention and treatment services, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) was awarded two grants from Substance Abuse and Mental Health Services Administration (SAMHSA) to address the opioid crisis and improve infrastructure and access to recovery support services in the state. The two programs to which this compliance supplement applies are:

- Medication-Assisted Treatment – Prescription Drug and Opioid Addiction (MAT-PDOA)
- Access to Recovery (ATR)

This is the third year of a three-year grant for medication-assisted treatment for individuals with opioid use disorders. The MAT- PDOA program has a total grant award of $2,873,291. The grant award for FFY 2018 is $974,837, which includes central office administration and direct contracts with Addiction Recovery Medical Services (ARMS) and Mountain Health Solutions dba ATS to provide MAT-PDOA services in Wilkes and Iredell counties, which primarily targets individuals with an opioid use disorder who are under Community Corrections supervision. The total for each contract is $256,000 and includes funding for medication, physician services, treatment and recovery supports.

This is the fourth year of the three-year grant to promote Access to Recovery (ATR), which has a total award of $7,866,666. In that funds were remaining at the end of Year 3, the DMHDDSAS submitted a request for a no cost extension and was awarded such for the period of September 30, 2017 through September 29, 2018. The requested amount for FFY 2018 was based on an estimated Unobligated Balance of approximately $3,589,799 at the end of year three of the grant. $3,520,448 was requested for the for the No-Cost Extension Year, based on previous expenditures. In that funds were unexpended and available; the SAMHSA approved the request. Funds were utilized for central office administration and an allocation to Eastpointe LME-MCO to accomplish the goals and objectives of this grant through a subcontract with Recovery Communities of North Carolina (RCNC). RCNC, through executed memoranda of agreement with numerous providers in Wake, Durham, Orange, Robeson, Cumberland and Buncombe counties, provides various recovery support services, such as peer support, coaching and mentoring, life and financial coaching, parent education, transportation, childcare, medical and dental co-pays, etc. to individuals in recovery or working towards recovery from a substance use disorder.

Medication-Assisted Treatment – Prescription Drug and Opioid Addiction (MAT-PDOA)

DMHDDSAS at the NC Department of Health and Human Services (DHHS), in collaboration with the Department of Public Safety (DPS), is implementing a project to expand and enhance access to services for individuals with opioid prescription drug misuse/abuse or opiate use disorders, such as heroin. North Carolina has been identified as having one of the highest rates of primary treatment admissions for heroin and opioids based on 2007-2013 SAMHSA's Treatment Episode Data Set (TEDS). The NC MAT-PDOA Project has been implemented in Wilkes and Iredell counties in the western part of the state.

North Carolina currently has 75 public and private Opioid Treatment Programs that use Medication-Assisted Treatment (MAT) which combines behavioral therapy with medications to treat opioid use disorders. MAT is defined as "the use of FDA-approved opioid agonist medications (e.g., methadone, buprenorphine products, including buprenorphine/naloxone combination formulations and buprenorphine mono-product formulations) for the maintenance treatment of opioid use disorder and opioid antagonist

medication (e.g., naltrexone products, including extended-release and oral formulations), in combination with behavioral therapies to prevent relapse to opioid use." Research has shown that medications are effective for decreasing opioid craving and withdrawal symptoms, blocking euphoria if return to use occurs, and augmenting the effect of counseling. This project offers naltrexone, methadone, and buprenorphine mono and combination products), to the individuals served in the MAT-PDOA program.

This initiative is targeted to specifically assist in addressing the state's heroin and prescription drug use epidemic among the offender population by increasing access for individuals and families to publicly supported MAT-PDOA services through the identification and implementation of comprehensive strategies to improve access, quality, safety, and effectiveness in intervention, treatment, and recovery services.

The goals and objectives of the program are as follows:

Goal 1: Strengthen state infrastructure for providing medication-assisted treatment for opioid use disorders. Staff capacity has been added to the NC State Opioid Treatment Administrators (NC SOTA) to improve the SOTA's capability to provide program development, implementation, and monitoring, and to increase training and utilization of evidence-based practices, technical assistance, and enhanced reporting capability. Additionally, the Project Director hired to oversee the MAT-PDOA grant works closely with NC SOTA staff to assure coordination and communication among programs and funding sources.

- **Objective 1:** To expand the use of MAT-PDOA. Services have been expanded to the population of pre-release and post-release criminal justice offenders.
- **Objective 2:** Develop expertise at the state and local level. Evidence-based practice trainings are planned for staff within the Department of Public Safety, TASC, and at a number of Opioid Treatment Programs.
- **Objective 3:** Build addiction treatment workforce, specializing in Opioid medication-assisted treatment. Counselors receive evidence-based practices training in engagement and treatment of the population with opioid use disorders.
- **Objective 4:** To utilize the state Prescription Drug Monitoring Program (PDMP) and strengthen and expand its use. Opioid Treatment Programs across the state are required by NC SOTA policy to routinely query the NC Controlled Substance Reporting System of each Opioid Treatment Program (OTP) applicant, both at the time of a patient's admission and at take-home level changes, including at the time of Extranet Exception Requests, and periodically during the course of treatment.
- **Objective 5:** Develop a strategic plan for MAT-PDOA services that involves and sustains partnerships. The strategic partnership with the NC Department of Public Safety and with TASC ensures access for offenders under Community Corrections supervision to be engaged in MAT-PDOA services in a comprehensive fashion that addresses mental health and primary care needs of this population.

Goal 2: To increase the number of admissions for Medication-Assisted Treatment in the selected communities by a minimum of 100 persons during the first year and by a minimum of at least 200 persons during the last years.

- **Objective 1:** Collaborate with participating organizations and LMEs-MCOs.

Extensive collaboration occurs between DMHDDSAS, the Department of Public Safety, TASC, LME-MCOs, OTPs, and other providers of behavioral health care and primary health care.

- **Objective 2:** Establish linkages with relevant organizations. Continue linkages with DPS staff, Treatment Alternatives for Safer Communities (TASC), and OTP counselors for persons admitted into treatment, including attention to mental health and primary care needs, and various types of recovery supports.

Goal 3: To provide a comprehensive and integrated array of services to the population of focus that addresses primary and behavioral health care needs including recovery support services. Extensive coordination continues through DPS staff, TASC, and OTP counselors for persons admitted into treatment, including attention to mental health and primary care needs, and various types of recovery supports.

- **Objective 1:** Conduct outreach and engage clients. Efforts continue to systematically address offenders under Community Corrections supervision and to engage admitted individuals in a comprehensive program of case management, care coordination and treatment that addresses a variety of needs.
- **Objective 2:** Screen and assess clients for co-occurring disorders to determine appropriateness for MAT-PDOA and use of treatment regimens. All patients are screened for the existence of both mental health and primary care needs, and these needs will be addressed in treatment.
- **Objective 3:** Provide MAT and behavioral health services. All patients enrolled in the initiative are provided MAT and other behavioral health services, as well as provision of or referral to primary care services.
- **Objective 4:** Provide peer and recovery support services. All patients enrolled in the initiative are provided the opportunity to engage in peer and recovery support services.

Goal 4: To evaluate the project. This project is systematically evaluated with measures of infrastructure, process and outcomes, based on data provided from the practice sites.

- **Objective 1:** Collect and report on Government Performance and Results Act (GPRA) measures.
- **Objective 2:** Conduct outcome evaluation using measures required in the Funding Opportunity Announcement (FOA).
- **Objective 3:** Conduct process evaluation to determine whether and to what extent the project has met its goals.
- **Objective 4:** Participate in cross-site evaluation.

Access to Recovery (ATR)

DMHDDSAS – the Single State Agency – has implemented a voucher program for the provision of recovery support services to specific target populations with substance use disorders. The purpose of the project is to extend the current continuum of services and availability of providers to enable people with substance use disorders to choose their services and providers freely and independently. The ultimate goal is to strengthen the ability of individuals with substance use disorders to sustain their recovery. Objectives include: (1) abstinence or reduction in the consumption of alcohol and illicit drugs; (2) improvement of behavioral outcomes; and, (3) increase in the recovery assets of people

participating in the project by partnering with recovery-oriented system of care providers and recovery community centers (including those within colleges and universities).

II. PROGRAM PROCEDURES:

Medication-Assisted Treatment – Prescription Drug and Opioid Addiction (MAT-PDOA)
The program identifies the priority population of selected pre-release incarcerated offenders and offenders under post-release supervision and community probation, as well as secondarily selected pre-release incarcerated offenders with a diagnosed opioid use disorder. For appropriate candidates, the program assesses the feasibility of initiating a pre-release program or a community-based program of Medication-Assisted Treatment using one of the approved opioid use disorder treatment medications, including Extended-Release Injectable Naltrexone (Vivitrol), Oral Naltrexone tablets (Revia), buprenorphine (generic brand tablet), buprenorphine/naloxone sublingual (Suboxone), and methadone (liquid or tablet). The program also routinely incorporates the dispensing of Naloxone (Narcan) Overdose Rescue Kits to all program participants and their families, along with the provision of standard education about preventing overdoses, and responding appropriately to potential overdose emergencies involving individuals, family members, or others at risk in the community. A total of 500 individuals will be served.

Evidence-Based Practices – Medication-assisted treatment is the evidence-based practice for individuals with an opioid use disorder. When individuals present to an opioid treatment program for care, each person is assessed and appropriately matched to methadone, buprenorphine (mono or combo), or either oral or extended release injectable naltrexone. In addition to medication, all participants receive some level of clinical services; i.e., individual or group therapy (minimally twice per month) or more intensive services, such as intensive outpatient.

The initiative uses a number of evidence-based practices (EBPs) to complement MAT. The most prominent of the models that is utilized is the *Stages of Change Model* developed by Carlo DiClemente and James Prochaska in the early 1980s based on a study of smoking cessation. This model has been applied to a variety of behaviors including substance use disorders. The model assesses readiness to change by situating the individual at a particular level (pre-contemplation, contemplation, determination, action, and relapse maintenance) and determining the strength of the motivation to change on a ten-point scale. Both during the screening process and once a thorough psychosocial assessment is completed and patients are linked to the appropriate community-based social and treatment services, providers evaluate their patients' degree of motivation for behavior change and readiness (using a ten-point scale) to participate in MAT using buprenorphine (mono or combo), methadone, or oral or injectable naltrexone. Primary care, substance use disorder treatment providers, and criminal justice partners receive didactic training on the DiClemente and Prochaska stages of change model and coached to assess readiness to change and the motivation to change among participants.

Motivational Interviewing is used by clinical providers to complement the Stages of Change model. Developed by William Miller and Stephen Rollnick, motivational interviewing is a client-centered therapeutic strategy that is directed at change through an enhancement of the client's internal motivation and values and the exploration and

resolution of ambivalent feelings (http://her.oxfordjournals.org/content/15/6/707.full). Participating providers receive basic and advanced training on motivational interviewing. They are given information about the technique and brief examples of how to use it. They are also directed to widely available online MI tools. NC Probation Officers, as well as TASC care managers, are trained in MI, but will receive additional training through this grant.

The *Matrix Model* for Criminal Justice Settings is also used. This treatment program provides adults in a variety of correctional settings including jails, community corrections, probation programs, drug courts, and prisons with the structure of an evidence-based treatment experience and combines education on both substance use and criminal thinking and behaviors. The Matrix Model has been specifically adapted to meet the unique needs of law-involved clients and includes a focus on criminal thinking, re-entry, and adjustment issues. The program covers individual/conjoint therapy, early recovery skills, relapse prevention, family education, social support, Medication-Assisted Treatment, adjustment or re-entry challenges, and urinalysis, with participation in a Twelve Step program encouraged throughout. The manualized format allows participants across sites to use the same materials, thereby providing a standardized process for measuring outcomes.

Access to Recovery (ATR)

This project specifically focuses on services and supports that increase the ability of individuals to lead healthy and productive lives, build up resilience, and enhance the system's capacity to provide assistance for housing, employment, education, and peer support.

A total of 3,750 individuals were projected to be served during the three-year grant period. A provider manual was produced for the ATR project that includes the following topics: (1) general information about the project; (2) process for credentialing; (3) confidentiality; (4) fraud, waste, and abuse and their consequences; (5) processing of service requests; (6) service definitions; (7) staffing; (9) the Voucher Management System; and, (8) requirements related to the GPRA. All providers were also required to attend training on the Code of Ethics for Prevention and Recovery Professionals and the Privacy Rule of the Health Insurance Portability and Accountability Act. The standards and policies (and the consequences when they are not met) in the manual ensure that participants receive appropriate services in safe settings. Faith-based organizations that satisfy program requirements are not discriminated against based on religious character or affiliation.

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The DHHS/Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) mandates that all the testing included within the crosscutting section be performed by the local auditors. All requirements for auditing State appropriations for the Substance Abuse Services Programs are set forth in the Crosscutting Supplement, identified as "DMH-0" for those mandated requirements. This supplement provides additional requirements applicable to the Federal funds.

A. ACTIVITIES ALLOWED OR UNALLOWED

Allowable activities under both grants are those activities that are aligned with the Program Objectives and Program Procedures each grant program as outlined above.

Medication-Assisted Treatment – Prescription Drug and Opioid Addiction (MAT-PDOA)

1. Pre-assessment for admission of new patients including physical examination by physician.
2. Physician ordered appropriate dosing of methadone or buprenorphine to effectively treat the opioid addiction.
3. Counseling by qualified substance use disorder treatment staff, with sufficient education, training, and experience, or any combination of the above to enable the staff to perform this function. All physicians, nurses, and other licensed professional care providers, including counselors must comply with credentialing requirements of their profession. A minimum of one certified substance abuse counselor to each 50 clients is required.
4. Referral for appropriate services such as individual, group or family therapy for each client; educational counseling; vocational counseling and training; job development and placement; money management; nutrition education; legal counseling; as well as referrals to recovery support services including Alcoholics Anonymous, Narcotics Anonymous, and Methadone Anonymous, etc.
5. Counseling on preventing exposure to and the transmission of HIV disease.
6. Provision of take home doses per regulations.
7. Random drug testing, at least twelve with two out of each three-month period of continuous treatment episode, at least one will be observed by staff.
8. Communication with other area OTPs to prevent dual enrollment.

Access to Recovery (ATR)

1. Implementation of a voucher program for recovery support services for substance use disorders.
2. Establish partnerships with the network of recovery-oriented system of care providers and recovery community centers across the state.
3. Support the efforts of recovery community centers to provide an environment where the following services to individuals who are in currently in recovery or struggling with addiction can be offered:
    - Peer to peer mutual aid programs;
    - Resources for safe housing, jobs and treatment;
    - Recovery coaching;
    - Recovery check-ups following treatment;
    - Workforce development training and resources;
    - Sober living activities within the community.
4. Outreach to students in colleges and universities who are participating in a collegiate recovery program or who are in recovery and in need of additional support.

B. ALLOWABLE COSTS/COST PRINCIPLES

All grantees that expend State funds (including federal funds passed through the NC Department of Health and Human Services) are required to comply with the cost principles described in the NC Administrative Code at 09 NCAC 03M.0201. (Note: Pending the change in reference from OMB Circular A-87 to 2 CFR, Part 200 Subpart E – Cost Principles.)

Certain expenditures are considered non-allowable and are not included in the cost allocation. Fixed assets and moveable assets costing $5,000 or more must be reported on the cost finding as assets. (Moveable assets costing less than $5,000 may be directly expensed.)

Funds must be expended or earned in accordance with the Performance Agreement between the DMHDDSAS and the Local Management Entity/Managed Care Organization (LME/MCO), including amendments via individual allocation letters.

Funds designated for substance abuse may be used for planning, establishing, maintaining, coordinating and evaluating projects for the development of more effective prevention and treatment programs and activities to deal with substance abuse (42 U.S.C. 300x-3(a)(1) 1989 Revision).

SPECIAL CONDITIONS:

1. The award of these funds shall not be used by a county or LME-MCO as a basis to supplant any portion of a county's commitment of local funds to the area authority or LME-MCO;
2. If these funds shall be used to support a new service for which a license and/or accreditation is required, such licensure/accreditation shall be completed prior to the delivery of services;
3. If these funds shall be used for a new service which does not have an established reimbursement rate, a new Service Objective Form must be submitted and approved by the Division before any payments will be made;
4. The funds provided shall not be used to supplant Federal or non-Federal funds for services or activities which promote the purposes of the grant or funding;
5. The funds provided shall not be utilized to supplement any reimbursement for services or staff activities provided through the NC Medicaid Program;
6. The funds provided shall not be utilized to supplement any reimbursement for services or staff activities supported through the Division's payment of other Unit Cost Reimbursement (UCR) or non-UCR funds, without the prior written approval of the DMH/DD/SAS Director of Budget and Finance and the Chief of Addictions and Management Operations;
7. The funds provided shall be fully utilized, monitored, and settled in compliance with the conditions of the current Contract Agreement between the LME-MCO and DMH/DD/SAS, with the full adherence of the LME-MCO and its sub-recipient contractors to all applicable State and federal laws, rules, regulations, policies, guidelines, standards, agreements, protocols, plans, and communications.
8. The funds provided shall be fully utilized, monitored, and settled in compliance with the conditions of the current Contract Agreement between the contracted providers and DMH/DD/SAS, with the full adherence of the contractors and any sub-recipient contractors to all applicable State and federal laws, rules, regulations, policies, guidelines, standards, agreements, protocols, plans, and communications.
9. Funds shall be used in accordance with SAMHSA's standard funding restrictions:
    - Funds shall not be used for substance use or other treatment services covered by Medicaid reimbursement.
    - No purchases are allowed for any one item above $5,000 without prior written permission from DMH/DD/SAS.
    - Funds shall not be used for facility purchase, construction or renovation.
10. Funds shall be used in accordance with cost principles describing allowable and unallowable expenditures for nonprofit organizations in accordance with OMB Circular A-122;

11. MAT-PDOA and ATR funds are prohibited to be used to make, or to allow to be made, any cash payments to any recipients or intended recipients of health or behavioral health services;
12. MAT-PDOA and ATR funds are prohibited to be used for the purchase or improvement of land, purchase, construction or permanent improvement (other than minor remodeling) of any building or other facility, or purchase of major equipment, including medical equipment;
13. MAT-PDOA and ATR funds are prohibited to be used to satisfy any requirement for the expenditure of non-Federal funds as a condition of receipt of Federal funds. (i.e. Federal funds may not be used to satisfy any condition for any state, local or other funding match requirement);
14. MAT-PDOA and ATR funds are prohibited to be used to provide individuals with treatment services in penal or correctional institutions of the State (This includes jails, prisons, adult and juvenile detention centers, juvenile training schools, holding facilities, etc.);
15. MAT-PDOA and ATR funds are prohibited to be used towards the annual salary of any contractor or subcontractor, including LME-MCO, provider, or contractor employee, consultant, or other individual that is in excess of Level I of the most current US Office of Personnel Management Federal Executive Salary Schedule. This amount is currently designated for the calendar year effective January, 2016 at an annual salary of $205,700;
16. MAT-PDOA and ATR funds shall not be utilized for law enforcement activities;
17. No part of any MAT-PDOA or ATR funding shall be used for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or video presentation designed to support or defeat legislation pending before the Congress or any State legislature, except in presentation to the Congress or any state legislative body itself.

C. CASH MANAGEMENT

The DHHS Controller's Office is responsible for submitting a Financial Status Report 269 to the Federal Grants Management Officer for documentation of federal funds expended according to the DHHS Cash Management Policy.

E. ELIGIBILITY

Medication-Assisted Treatment – Prescription Drug and Opioid Addiction (MAT-PDOA)

All the individuals are participating in TASC. The priority population for program referral are those offenders under Community Corrections supervision who have an opioid use disorder and reside in either Iredell or Wilkes counties, as well as secondarily those individuals being released from Black Mountain Substance Abuse Treatment Center for Women, in Black Mountain, NC, and at the Drug and Alcohol Recovery Treatment (DART) Cherry Substance Abuse Treatment Program, in Goldsboro, NC, both of which are 90 day residential substance use disorder treatment facilities operated by the Department of Public Safety that serve individuals on probation who have been violated, re-incarcerated, and referred for substance use disorder treatment.

Access to Recovery (ATR)

The target population for participation in the ATR program includes:

- individuals with substance use disorders, including those in the military (active or National Guard members), those returning to the community from the criminal justice system, those involved with drug courts, those leaving residential treatment;
- parenting/pregnant/postpartum women including those involved in the child welfare system;
- individuals experiencing homelessness;
- students in recovery who are attending colleges and universities.

To be eligible to receive vouchers for recovery support services through the ATR project, individuals must meet the following eligibility criteria:

- Reside in North Carolina;
- Be at least 18 years old;
- Have a substance use disorder or be in recovery from a substance use disorder (diagnosed in the past year)
- Be willing to receive ATR services that he or she has chosen from a menu of options.

F. 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 $5,000 or more. Such equipment may only be purchased per the conditions of the approved contract or grant agreement. Should 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.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching: There are no matching requirements for this program.

Level of Effort: Funds allocated shall be used to supplement and increase the level of State, local and other non-federal funds and shall, in no event, supplant such State, local and other non-federal funds. If grant funds are reduced, services and provider agencies participation may be reduced in a proportionate manner.

Earmarking: Not required for this funding.

H. PERIOD OF PERFORMANCE

This requirement does not apply at the local level.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the NC Department of Health and Human Services) are required to comply with the procurement guidelines found in 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards which can be accessed at:

https://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf

All grantees that expend State funds (including federal funds passed through the NC 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 https://ncadmin.nc.gov/document/procurement-manual-5-8-2013-interactive.

Nongovernmental sub-recipients 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.

J. PROGRAM INCOME

This requirement does not apply.

L. REPORTING

Financial Reports:

For federal funds allocated outside of UCR, approved expenditures shall be reported through the routine submission of monthly Financial Status Reports (FSRs). Any exceptions to the required timely reporting of federal funds expended shall be approved in writing by the DMH/DD/SAS Assistant Director of Budget and Finance and the Section Chief of Addictions and Management Operations.

Grantees must provide monthly and final Financial Status Reports (FSRs).

Program Reports:

MAT-PDOA grantees must provide bi-annual reports and ATR grantees must provide quarterly programmatic and fiscal reports. The final progress report must summarize information from the bi-annual or quarterly reports, describe the accomplishments of the project, and describe next steps for implementing plans developed during the grant period.

Session Law 2015-241 Reporting Requirements

In accordance with Session Law 2015-241, the following requirements apply to DMH/DD/SAS subrecipient grantees of the MAT-PDOA (i.e., ARMS and ATS) which contract directly with DMH/DD/SAS:

No later than December 1st of each fiscal year, each nonprofit organization receiving funding shall submit their DMH/DD/SAS contract administrator a written report to include the following information about the fiscal year preceding the year in which the report is due:

a) The entity's mission, purpose, and governance structure.
b) A description of the type of programs, services, and activities funded by State appropriations.
c) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
d) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.

e) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

M. SUBRECIPIENT MONITORING

Compliance Requirement

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. §143C-6-22 and 6-23 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 2 CFR Part 200.331. Accordingly, the agency is responsible for monitoring programmatic and fiscal compliance of subcontractors based on the guidance provided in this compliance supplement and the audit procedures outlined in the DMH-0 Crosscutting Supplement.

N. SPECIAL TESTS AND PROVISIONS

All grantees are required to comply with the NC Department of Health and Human Services and DMHDDSAS records retention schedules and policies. These include Functional Schedule for State Agencies, Records Retention and Disposition Schedule – DMH/DD/SAS Local Government Entity (APSM 10-6), Records Retention and Disposition Schedule - DMH/DD/SAS Provider Agency (APSM- 10-5) and the DHHS Records Retention and Disposition Schedule for Grants. Financial records shall be maintained in accordance with established federal and state guidelines.

The records of the contractor shall be accessible for review by the staff of the North Carolina Department of Health and Human Services and the Office of the State Auditor for the purpose of monitoring services rendered, financial audits by third party payers, cost finding, and research and evaluation.

Records shall be retained for a period of three years following the submission of the final Financial Status Report or three years following the submission of a revised final Financial Status Report. Also, if any litigation, claim, negotiation, audit, disallowance action, or other action involving these funds has been started before expiration of the three year retention period, the records must be retained until the completion of the action and resolution of all issues which arise from it, or until the end of the regular three year period, whichever is later. The grantee shall not destroy, purge or dispose of records related to these funds without the express written consent of DHHS-DMH/DD/SAS.

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.

Audit Objectives

a. To ensure compliance with the DHHS and DMH/DD/SAS records retention schedules and policies; and
b. To ensure compliance with all federal and State policies, laws and rules that pertain to this fund source and/or to the contract/grant agreement.

Suggested Audit Procedures

a. Verify that records related to this fund source are in compliance with DHHS-DMH/DD/SAS record retention schedules and policies.
b. Review contract/grant agreement identify any special requirements; and verify if the requirements were met.
c. Verify that financial assistance under the Substance Abuse Prevention and Treatment Block Grant was only provided to public or non-profit entities.
d. When applicable, verify that the grantee has obtained a DUNS number and is registered in the Central Contractor Registration (CCR) system.
e. Verify that the Conflict of Interest declaration is signed AND that there is no overdue tax debts at the federal, State or local level as required below.

Conflicts of Interest and Certification Regarding 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 NC Department of Health and Human Services) are subject to the financial reporting requirements of G. S. 143C-6-23 effective 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) 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)).

G. S. 143C-6-23(b) stipulates that every grantee shall file with the State agency disbursing funds to the grantee a copy of that grantee's policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee's employees or members of its board or other governing body, from the grantee's disbursing of State funds, and shall include actions to be taken by the grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the grant funds.

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.