

**HIV CLUSTER:**

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<b>93.940</b>	<b>HIV PREVENTION ACTIVITIES – HEALTH DEPARTMENT BASED</b>
<b>93.944</b>	<b>HIV/AIDS SURVEILLANCE</b>
<b>93.977</b>	<b>PREVENTIVE HEALTH SERVICES – STD CONTROL GRANTS</b>

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<b>State Project/Program:</b>	<b>HIV STATE FUNDS SEXUALLY TRANSMITTED DISEASES COMMUNICABLE DISEASE EXPANSION BUDGET</b>
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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR DISEASE CONTROL AND PREVENTION**

**Federal Authorization:** CFDA 93.940 – Public Health Service Act, Section 317, 42 U.S.C. 247(b) as amended; Section 301, 42 U.S.C. 241, as amended; Health and Human Services, and Education, and Related Agencies Appropriations Act of 1989, Public Law 100-436; CFDA 93.944 - Public Health Service Act, Sections 301(a), 311(b), and 317, as amended; CFDA 93.977 - Public Health Service Act, as amended, Section 318(a), 42 U.S.C. 247(c); Disease Control Amendments of 1972, Public Law 92-449; Disease Control Amendments of 1976, Public Law 94-217; Health Services and Centers Amendments of 1978, Public Law 95-626; Omnibus Budget Reconciliation Act of 1981, as amended, Public Law 97-35; Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act of 1988, Public Law 100-202.

**State Authorization:** North Carolina General Statutes – Chapter 130A, Article 6. Communicable Disease. North Carolina Administrative Codes 15A 19A

**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 2019 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCO's), Boards of Education, Councils of Government, District Health Departments and DHHS 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 the DHHS are found at the same website except select "Non-Governmental Audit Confirmation Reports (State Fiscal Years 2017-2019)"

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The Auditor should not consider the Supplement to be "safe harbor" for identifying audit

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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**

One of the goals of the Communicable Disease Branch is to limit the spread of STDs, Hepatitis C (HCV) and HIV infection in North Carolina by:

- Continuing to strengthen HIV/AIDS surveillance programs and to evaluate the extent of the incidence and prevalence of the disease in North Carolina and target prevention resources appropriately;
- Reducing morbidity and mortality through HIV/STD/HCV counseling, testing and linkage to care services;
- Focusing on disease intervention activities designed to reduce the incidence of the disease through HIV/STD Partner notification services;
- Increasing the percentage of HIV infected persons with suppressed HIV viral loads by linking HIV infected individuals to initial HIV care visits and retaining them in care;
- Maintaining, measuring and evaluating HIV/STD/HCV education and risk reduction activities.

### **II. PROGRAM PROCEDURES**

Federal grant funds are awarded to the State through a competitive process in the form of cooperative agreements administered by the Centers for Disease Control and Prevention (CDC). CDC cooperative agreements provide detailed guidance on the specific activities that must be provided and implemented by grantees including populations to be targeted. The State legislature also appropriates funds for the prevention of HIV/STD. Both federal and State funds are allocated to the Communicable Disease Branch (CDB) based upon itemized budgets specifying the use of funds.

The Communicable Disease Branch allocates specified State and federal funds to local health departments and community-based organizations (CBOs) through a competitive request for application (RFA) process. The RFAs are widely distributed with detailed instructions including targeted populations, project requirements, required collaborations, availability of funds, content of the proposal, criteria for evaluating the proposals and submission requirements. Projects are funded under one of four program areas: Substance Abuse Counseling and Testing Sites (SAC), Integrated, Targeted Testing Sites (ITTS), Health Education and Risk Reduction for high-risk HIV negative persons and prevention programs for HIV positive persons.

An external review committee of twenty to thirty members with varying expertise is convened. Each committee member receives the applications for review prior to the meeting for the review process. The committee evaluates each proposal, listing strengths and weaknesses of each proposal and makes recommendations for funding. An abstract and the committee’s review and recommendations are forwarded to the Branch Head for final approval. Pre-decisional site visits are made by staff to each new community based organization; a detailed site visit form is completed for each agency visited.

Award letters are sent to each recommended agency. Contracts are developed and implemented.

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Reports are required from each project on a basis outlined in their contract. Each project is assigned a site monitor. Communicable Disease Branch staff perform at least two site visits per year on each funded project.

### **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 Commission for Health Services has the authority to issue rules consistent with State statutes and regulations. Division of Public Health rules for funding special programs and projects are codified in 15A NCAC 19A .0600-.0605 and are available from the Epidemiology Section. Funds are made available to contractors by written contracts. The contract between the parties should be reviewed prior to beginning the audit. The contractual relationship between the state and local health departments is more fully explained below under the heading Consolidated Agreement System. (See paragraph N below)

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

Funds may be used to provide HIV/STD/HCV testing, education, risk reduction, linkage to care and other services as specified in the contract. Some examples of how funds might be used are listed below, but this is not all inclusive:

1. risk reduction education sessions
2. peer and natural opinion leader programs
3. individual level interventions for HIV positive persons
4. group level interventions
5. social marketing
6. operating expenses (i.e., travel, postage)
7. counseling and testing
8. linkage to HIV/STD/HCV care and treatment services
9. \*use of incentives such as gift cards

\*Contractors are required to comply with CDB policy on use of these incentives.

Funds must be used for the purpose for which the funds were made available in accordance with the approved application, negotiated objectives and budget, the codified rules, the terms and conditions of the award, and the application of State cost principles. Any educational or informational materials produced by contracted agencies using CDB funds must be approved by the CDB Assurance of Compliance committee for medical accuracy, cultural competency and appropriateness.

#### **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**

No eligibility requirements for customers. Services are specifically targeted at populations at high-risk for contracting HIV or another STD.

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### **H. PERIOD OF PERFORMANCE**

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

[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](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 North Carolina Procurement Manual accessible on the Internet at [http://www.pandc.nc.gov/documents/Procurement\\_Manual\\_5\\_8\\_2013\\_interactive.pdf](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.

### **L. REPORTING**

Contractors must submit monthly/quarterly reports as specified in individual or consolidated contract(s). The contractor shall submit a final report at the close of the contract period that:

- 1) compares actual accomplishments to negotiated objectives;
- 2) sets forth the reasons and justifications for the difference between actual
- 3) accomplishments and negotiated objectives; and
- 4) other pertinent information.

Non-local health department 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. (See Paragraph N)

### **M. SUBRECIPIENT MONITORING**

The subgrantee 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 NC DHHS Division of Public Health is made up of six major sections: Health Promotion and Disease Prevention, Epidemiology, and Women's and Children's Health Services, Oral Health, Local Health Services, and Financial Management and Support Services Section. The Division utilizes a single written agreement to manage all funds, that is, State, federal, or private

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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** – It is suggested that the auditor 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.