93.991 **PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT**

State Project/Program: **PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT**

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: Public Health Service Act, as amended; Omnibus Budget Reconciliation Act of 1981, Title XIX, Section 1905, Public Law 97-35, as amended; Preventive Health Amendments of 1984, Public Law 98- 555; Health Omnibus Programs Extension Act of 1988, Public Law 100-607; Preventive Health Amendments of 1992, Public Law 102-531

State Authorization: 130A-223; 10A NCAC 39A.0501

N. C. Department of Health and Human Services
Division of Public Health

Agency Contact Person – Program

Joyce Wood, Program Coordinator
(919) 707-5208
Joyce.Wood@dhhs.nc.gov

Agency Contact Person – Financial

Patricia Ward, Chief Budget Officer
(919) 707-5075
Pat.Ward@dhhs.nc.gov

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 the 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

The Preventive Health and Health Services Block Grant (PHHSBG) supports preventive screening, laboratory support, outbreak control, workforce training, chronic disease prevention, public education, data surveillance, and program evaluation targeting such health problems as

cardiovascular disease, cancer, diabetes, emergency medical services, injury and violence prevention, infectious disease, environmental health, community fluoridation, and sex offenses. Because of the variance in the allowable uses of the funds, no two states allocate their Block Grant resources in the same way, and no two states provide similar amounts of funding to the same program or activities. A strong emphasis is placed on adolescents, communities with little or poor health care services, and disadvantaged populations. Additional information on the PHHSBG can be found at http://www.cdc.gov/phhsblockgrant/index.htm.

II. PROGRAM PROCEDURES

The Centers for Disease Control and Prevention (CDC) awards PHHSBG funding through an annual award process. States and territories must submit a Work Plan and a budget by the assigned deadline to be eligible for funding. North Carolina provides funding to the following State agencies/programs to address health issues and disparities in the state:

The Physical Activity and Nutrition (Healthy Communities Program)

The Healthy Communities Program provides funding to county and district health departments through an Agreement Addenda to create policies and environments that support increased physical activity, promote healthy eating, reduce obesity, prevent the use of tobacco, support diabetes self-management and prevent injuries. The goal of the program is to increase the number of North Carolina communities with established community health promotion programs that address Healthy People 2020 objectives related to physical activity, healthy eating, tobacco use, diabetes management and injury prevention.

The Oral Health Section

The Oral Health Program uses best practices to: 1) reduce oral diseases through prevention, education, and health promotion; 2) ensure that evidence-based systems are implemented to monitor the public's oral health; 3) ensure access to dental care; and 4) provide professional education.

The State Laboratory of Public Health

The State Laboratory of Public Health monitors fluoride levels in public drinking water and privately owned wells and tests well water for environmental contaminants of public health significance.

Injury and Violence Prevention (Rape Crisis and Victim Services Program)

The Rape Crisis and Victims Services Program provides funding through a competitive Request for Applications (RFA) process to four rape crisis centers to provide assistance and services to victims of rape and sexual assault. The four rape crisis centers are: Durham Crisis and Response (Durham County); Orange County Rape Crisis Center; Coastal Horizons Center, Inc. (New Hanover County); and Our Voice (Buncombe County). Services provided include crisis response such as counseling and hotlines, victim assistance and community education programs on rape prevention.

HIV/STD Prevention and Care (HIV/STD Prevention Program)

The HIV/STD Prevention Program funds eight health departments through Agreement Addenda and one community-based organization, Strengthening the Black Family (Wake County) through a sole source contract. The Program works to reduce the rates of transmissions of HIV and Sexually Transmitted Diseases (STDs), particularly among at-risk groups including African-Americans, intravenous drug users, and men who have sex with men.

The State Center for Health Statistics
The State Center for Health Statistics provides data and surveillance on the morbidity and mortality rates for the Chronic Disease and Injury Section and the programs funded under this grant.

Program requirements are communicated to the programs on an annual basis or as changes are made by the CDC. Specific allowable and unallowable activities can be found in Section III. A. and B.

Each state agency that awards funds to subrecipients is responsible for conducting subrecipient monitoring according to state and federal guidelines.

III. COMPLIANCE REQUIREMENTS

A. ACTIVITIES ALLOWED OR UNALLOWED

PHHSBG dollars are used to support existing programs, implement new programs, and respond to unexpected emergencies. All activities must be in line with Healthy People 2020 objectives. The PHHSBG allows the following activities:

- Preventive health service programs for the control of rodents and for community and school-based fluoridation programs.
- Health education and risk reduction.
- Feasibility studies and planning for emergency medical services systems and the establishment, expansion, and improvement of such systems.
- Providing services to victims of sex offenses and for prevention of sex offenses.
- The establishment, operation, and coordination of effective and cost-efficient systems to reduce the prevalence of illness due to asthma and asthma-related illnesses, especially among children, by reducing the level of exposure to cockroach allergen or other known asthma triggers through the use of integrated pest management, as applied to cockroaches or other known allergens
- Monitoring and evaluation of program activities

Funds may not be used to:

- Provide inpatient/clinical services
- Make cash payments to intended recipients of health services
- Purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds
- Provide financial assistance to any entity other than a public or nonprofit private entity.

B. ALLOWABLE COSTS/COST PRINCIPLES

The North Carolina Department of Health and Human Services abides by the U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Final Rule (Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200) as its standard for determining allowable costs. This new "Uniform Guidance" supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133, and parts of A-50. Subrecipients (public or private non-profit organizations) of PHHSBG funds are responsible for ensuring that all costs and indirect cost rates are allowable in accordance with the requirements of the Federal award(s) to which they apply and the Uniform Guidance. State agencies/programs that award funds to subrecipients also have a responsibility to ensure funds distributed to other entities are expended in compliance with federal laws and regulations. Furthermore, it is the responsibility of the subrecipient to ensure rent is a legitimate direct cost line item which is supported in current and/or prior projects and these same costs have been treated as indirect costs that have not been claimed as direct costs. If rent is claimed as direct cost, the recipient must provide a narrative justification which describes their prescribed policy including the effective date to the assigned Division of Public Health (DPH) Program Manager.

C. CASH MANAGEMENT

Subrecipients are funded on a reimbursement basis. Program costs must be paid for by the entity before reimbursement is requested from the State.

D. RESERVE

E. ELIGIBILITY

The PHHSBG funds all 50 states, 2 American Indian tribes, 8 U.S. territories and the District of Columbia to address public health needs. State agencies and subrecipients must use Healthy People 2020 objectives to address the health needs and funding gaps in their communities.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

To the greatest extent practicable, all equipment and products purchased with CDC funds should be American-made. The CDC defines equipment as tangible non-expendable personal property (including exempt property) charged directly to an award having a useful life of more than one year AND an acquisition cost of $5,000 or more per unit. However, consistent with agency policy, a lower threshold may be established. Purchase of necessary equipment is allowed by subrecipients but requests greater than $500 and computer purchases require pre-approval from DPH Program Manager. Equipment purchased with Block Grant funds belongs to DPH, which may choose to reclaim it upon termination or completion of contract if the equipment will no longer be used in PHHSBG programs. DPH may also offer the agency an option to purchase the equipment.

The subrecipient may use its own equipment and real property management standards and procedures provided these standards observe provisions of the following sections in the Office of Management and Budget (OMB) Uniform Guidance:

a. Subpart D – Post Federal Award Requirements, Property Standards, 200.311 Real Property
b. Subpart D – Post Federal Award Requirements, Property Standards, 200.313 Equipment

G. MATCHING, LEVEL OF EFFORT, EARMARKING

DPH agrees to maintain expenditures for such activities at a level that is not less than the average level of such expenditures maintained by the State for the 2-year period preceding the fiscal year for which the State is applying to receive payments.

H. PERIOD OF PERFORMANCE

Compliance Requirement

LOCAL HEALTH DEPARTMENTS

Contract funds may be used to support costs incurred during the funding period. In the case of local health departments, this period is the same as the State fiscal year and the period covered by the Consolidated Agreement, July 1 through June 30. Unobligated, unexpended funds may not be carried forward. Settle-up and final expenditure submission should occur within forty-five days of the end of the contract period, i.e., June 30. (Consolidated Agreement)

Compliance Requirement

PROJECTS NOT BASED IN LOCAL HEALTH DEPARTMENTS

Service agreements executed with non-local health department agencies establish a funding period. Refer to copy of fully executed contract and any amendments affecting contract period. Funds may be used to support costs incurred during the funding period. Settle-up should occur within sixty days following the end of the contract period. (DHHS Agreement)

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 to federal agency codifications of the grants management common rule accessible on the Internet 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 North Carolina Procurement Manual accessible on the Internet at: http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf.

Non-federal entities are prohibited from contracting with or making sub awards under covered transactions to parties that are suspended of debarred or whose principals are suspended or debarred.

Each non-State entity receiving federal pass through funds signs as part of their contract a "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion" Form.

J. PROGRAM INCOME

Any program income generated by the DPH will be used in accordance with the additional cost alternative specified under the Cooperative Agreement. The disposition of program income must have written prior approval from the CDC's Grants Management Officer. Additional Costs Alternative – used for costs that are in addition to the allowable costs of the project for any purpose that furthers the objectives of the legislation under which the cooperative agreement was made. General program income subject to this alternative shall be reported on the Federal Financial Report (FFR), as appropriate. For Local Health

Department subrecipients, fees for services provided to the public from this funding are allowed, subject to the following requirements:

Statutory Authority: 15A NCAC 16A.0508: Local health departments are authorized to impose fees for services provided through the use of Healthy Communities funds per the Consolidated Agreement. Revenue generation from these fees must be used for the programs. The local health department can obtain schedule of fees imposed by the local health department. Procedures adjusting charges for income, resources, and family size and evaluate for adequacy must be set up. Selected fees charged are not to be imposed for services provided to persons unable to pay.

Statutory Authority: 15A NCAC 16A.0508: Local health departments must report fee collection proceeds to the program and fee collection proceeds may be expended by the local health department upon prior approval of the program. Fee collection proceeds may be used to reduce the program portion of the Agreement amount or to expand services according to a plan approved by the program. The amount of fees collected for services will be available by the local health department. Prior program approval should be obtained to expend fee collection proceeds.

L. REPORTING

Statutory Authority: 15A NCAC 16A.0506: Local health departments must prepare activity reports as referenced in the Agreement Addendum.

Statutory Authority: 15 A NCAC 16A.0506: Local health departments are required to submit Expenditure Report, DHHS 2949 (Rev. 3/98) on a schedule set out in the consolidated Agreement between the parties.

Subrecipients must submit monthly Contract Expenditure Reports (CERs) due no later than 10 days after the end of the month for which they are submitted. Even if no funds have been expended, these monthly reports are mandatory (in such case all entries will be zeroes). Monthly payment shall be made based on actual expenditures in accordance with the approved budget on file with both parties. If the contractor needs to make any changes to the contracted budget, the contractor must submit a written budget redirection request to the DPH Program Manager and obtain approval for the change. The budget redirection request and written approval shall be filed by the contractor with the executed contract.

Subrecipients are also required to submit a final programmatic report for the CDC in addition to a semi-annual reports submitted to meet the Prevention and Public Health Fund reporting requirements.

M. SUBRECIPIENT MONITORING

Local Health Departments and subrecipients are expected to show reasonable progress towards implementing strategies. They are required to incorporate the feedback/technical assistance received from DPH into their work. Performance will be measured through a variety of means, including written reports; desk reviews of all documents received including monthly expenditure reports; telephone calls, electronic communication and face-to-face interactions at site visits. Subrecipients will be required to report on the planning, implementation, and evaluation of their activities and other individualized needs.

The HIV/STD, Healthy Communities and Rape Crisis and Victim Services Programs contract with subrecipients. Program staff assesses programmatic risk at the beginning of each fiscal year. Data is collected from active projects and used in program evaluation. The Office of Local Health Services is responsible for assessing fiscal risk status for local health departments.

N. SPECIAL TESTS AND PROVISIONS

Consolidated Agreement System

The DHHS Division of Public Health is made up of six major sections: Chronic Disease & Injury, Environmental Health, Epidemiology, Women's and Children's Health, Oral Health, and Administrative, Local, and Community Support. 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 Agreement 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 Estimate 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 – Section B. FUNDING STIPULATIONS of the Consolidated Agreement should be reviewed by the auditor 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.

Conflict 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 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 sub grantee 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.