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**MATERNAL AND CHILD HEALTH SERVICES BLOCK  
GRANT TO THE STATES**

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<b>State Project/Program:</b>	<b>KENNETH C. ROYALL, JR. CHILDREN'S VISION SCREENING IMPROVEMENT PROGRAM</b>
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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Federal Authorization:** Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200

**State Authorization:** Senate Bill 1366 of 1198, Prevent Blindness, Inc./Reporting Section 12.41  
Section 15.33 of S.L. 1997-443; Conference Report on the Continuation, Capital and Expansion Budgets, FY 02-03

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

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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 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 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 an 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.

This compliance supplement should be used in conjunction with the OMB 2019 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

**I. PROGRAM OBJECTIVES**

The purpose of the contract with National Society to Prevent Blindness North Carolina (NSPBN) is to provide a certification program to train active certified vision screeners in all 100 counties. Prevent Blindness staff will collaborate with the Division of Public Health, Children & Youth Branch’s Regional School Nurse Consultants in the utilization of certified screeners in local school

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health vision screening programs. The project utilizes recommendations from the NC Pediatric Vision Task Force Report of February 1995 and the Early Childhood Vision Commission Vision Screening Guidelines of 2007. It is recommended that all children in grades K-6 be screened each year.

In addition, NSPBNC will offer a preschool vision screening program using certified vision screeners to be implemented in 28 North Carolina counties. Prevent Blindness staff will collaborate with the Division of Public Health, Children and Youth Branch and the Division of Child Development to maximize effectiveness of this screening program. The project utilizes recommendations from the NC Pediatric Vision Task Force report of 1995 and recommendations from the Child Health Committee Report of 2000. Photo-refraction is non-invasive and takes approximately one minute per child. This screening method requires no verbal response that enables children with language or developmental barriers to be screened effectively. The primary reason to screen preschool children is the detection of amblyopia (lazy eye), a potentially blinding condition that is present in approximately one out of every 20 preschool children. When caught early, loss of sight can be prevented.

### **II. PROGRAM PROCEDURES**

The Division of Public Health, Children and Youth Branch has contracted with Prevent Blindness North Carolina for a statewide training and certification program for school-based vision screeners. Funds were appropriated by the 1999 General Assembly to Prevent Blindness to offer this service statewide. The project consists of a training and certification program of approximately 3 hours duration offered to participants in all 100 counties. Prevent Blindness works with county coordinators from each school system. Training is made available throughout the year. Schools are encouraged to use only certified personnel to conduct vision screening.

Prevent Blindness North Carolina (PBNC) has also contracted with the State to design and provide a second program to meet the vision screening requirements unique to preschool age children. PBNC will utilize two screeners trained in photo-refraction to conduct the screenings. Childcare centers across the State will be contacted to receive onsite vision screenings for preschoolers. Parents of the preschoolers will receive educational materials prior to the screening and will receive the actual photo and interpretation following the screening. Follow-up information will be recorded and tracked, and referral information will also be communicated back to the child's medical home.

### **III. COMPLIANCE REQUIREMENTS**

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

##### TRAINING FOR SCHOOL-AGE VISION SCREENERS

Prevent Blindness uses contract funds to offer a certification program to train vision screeners. Prevent Blindness staff collaborates with the Division of Public Health, Women's and Children's Health Section's Regional School Nurse Consultants in the utilization of certified screeners in local school health vision screening programs.

Volunteers attending certification classes are provided with all screening materials and charts needed to conduct screenings and record results. In addition to school personnel, area nurses, health departments and family practices register to attend the courses. All certified personnel receive a certificate upon completion of the course. Certification is for two years.

Screening data is collected from certified screeners in each county to track numbers screened and referred.

##### PRE-SCHOOL VISION SCREENING

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Prevent Blindness certifies trainers for utilizing a vision screening method for pre-school age children. Childcare centers in thirty-four counties across the State are contacted to receive onsite vision screenings for preschoolers, ages 2-5.

The screening methodology requires the use of photo-refractive equipment with specially purchased retrofits and film specifically designed for vision research photographs. Those children requiring additional care are referred to an eye doctor. Extensive phone and mail follow-up is conducted with all referred children to ensure that they have been seen by an eye doctor.

Free eye examinations and glasses will be made available to all referred children in financial need.

### **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**

The State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

### **E. ELIGIBILITY**

School Age Vision Training Certification – School personnel, area nurses, health departments and family practices may register to attend the courses for training and certification for school based vision screening.

Preschool Vision Screening – The target age for preschool vision screening is children, ages 2-5, in childcare centers.

#### **Suggested Audit Procedures**

If the determination of eligibility is based upon an approved application or plan, obtain a copy of this document and identify the applicable eligibility requirements.

Select a sample of the awards to subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits.

### **F. EQUIPMENT AND REAL PROPERTY MANAGEMENT**

The grantee has agreed to reimburse the State for any loss or damage to equipment furnished to the grantee for use in connection with the performance of this contract as specified in the contract document.

The grantee has also agreed to put into place equipment controls and safeguards for equipment costing in excess of \$500 as specified in the contract document.

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

Does not apply at the local level.

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

**Compliance Requirements** – State awards may specify a time period during which the grantee may use the State funds. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the State awarding agency. Also, if authorized by the State program,

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unobligated balances may be carried over and charged for obligations of the subsequent funding period. Obligations mean the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

**Audit Objective** – Determine whether State funds were obligated within the period of availability and obligations were liquidated within the required time period.

### **Suggested Audit Procedures**

1. Review the award documents and regulations pertaining to the program and determine any award-specific requirements related to the period of availability and document the availability period.
2. Test a sample of transactions charged to the State award after the end of the period of availability and verify that the underlying obligations occurred within the period of availability and that the liquidation (payment) was made within the allowed time period.
3. Test a sample of transactions that were recorded during the period of availability and verify that the underlying obligations occurred within the period of availability.
4. Select a sample of adjustments to the State funds and verify that these adjustments were for transactions that occurred during the period of availability.

## **I. PROCUREMENT AND SUSPENSION AND DEBARMENT**

### **Procurement**

Since the Maternal and Child Health Block Grant was created by the Omnibus Budget and Reconciliation Act (OBRA) of 1981, it is not subject to parts of the Uniform Guidance requirements found in 2 CFR Part 200, including the procurement requirements. However, they are subject to NC procurement law.

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 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).

### **Suspension and Debarment**

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

### **Suggested Audit Procedures**

1. Test a sample of contracts and ascertain if the required suspension and debarment certifications were received for subawards and covered contracts.
2. Test a sample of contracts to the List of Parties Excluded from Federal Procurement or Nonprocurement Programs, issued by the General Services Administration and ascertain if contracts were awarded to suspended or debarred parties.

## **J. PROGRAM INCOME**

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Any fees collected must be utilized only for the continuation and expansion of direct patient services. All fees must be budgeted during the fiscal year earned or within the subsequent fiscal year. All fees brought forward from the prior fiscal year shall be expended prior to expenditure of State appropriations (10A NCAC 42H .0309).

### L. REPORTING

#### 1. Financial Reporting

Contractors must submit monthly expenditure reports for reimbursement. The final monthly expenditure report is due no later than 45 days after the end of the fiscal year. All income earned and spent during each month must be reported on the monthly expenditure report (10A NCAC 42H .0309).

#### 2. Performance Report

The contractor must submit quarterly data reports indicating the number of patients served according to race, provider's name, age groupings, etc. (10A NCAC 42H .0308).

### M. SUBRECIPIENT MONITORING

The contractor shall not subcontract any of the work contemplated under this contract without obtaining prior written approval from the Division. Any approved subcontract shall be subject to all conditions of the contract. Only the subcontractors specified in the contractor's application are to be considered approved upon award of the contract. The contractor shall be responsible for the performance of any subcontractor.

### 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 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 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** – The auditor should review Section B. FUNDING STIPULATIONS of the Consolidated Agreement before beginning an audit. The fourteen

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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 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 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.