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**AFFORDABLE CARE ACT (ACA) MATERNAL, INFANT, AND
EARLY CHILDHOOD HOME VISITING PROGRAM**

State Project/Program: HEALTHY FAMILIES AMERICA HOME VISITING

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: 42 United States Code Section 701-709

State Authorization: N/A

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

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N. C. DHHS Confirmation Reports:

SFY 2020 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 2019-2020)”. 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 \(State Fiscal Years 2018-2020\)”](#).

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.

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 this agreement addendum is to provide funding for implementation of the Healthy Families America (HFA) program through the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program. HFA has shown substantial and consistent results related to improved child and maternal health, child abuse and neglect reduction, crime reduction and school readiness. The HFA program will work with their clients to achieve:

- Improved pregnancy outcomes by helping women engage in preventive health practices including obtaining prenatal care, improving diet and nutrition, and reducing the use of tobacco, alcohol and other substances;
- Improved child health and development by helping parents provide responsible, competent and nurturing care; and
- Improved economic self-sufficiency of the family by helping the parents develop a vision for their own future including planning future pregnancies, continued education and employment.

II. PROGRAM PROCEDURES

Health Families America is administered by the North Carolina Department of Health and Human Services—Division of Public Health, Women’s and Children’s Health Section, Children and Youth Branch.

The Division of Public Health collaborated with the Alliance of Evidence-Based Programs in North Carolina to provide braided funding for the support of home visiting projects. Contracts were awarded to local health departments and/or local non-profits through an application process.

The Contractor shall for families at risk and who meet the eligibility requirements:

1. Maintain accreditation as a Healthy Families America program through the Healthy Families America organization.
2. Maintain policies and procedures which provide:
 - a. Staffing patterns for Family Support Workers, including expected caseload per county, office space, plans for supervision, and data collection for the team;

- b. The method for each county to follow for referring all HFA eligible families, as determined by the screening and initial assessment tool, to the HFA program
3. Assure that Family Support Workers are appropriately oriented to the county's or counties' family resources that are available where they work, including within the Local Health Department and other community agencies.
4. Implement and administer the HFA program with model fidelity by:
 - a. Maintaining a staff to implement the program with model fidelity.
 - b. Ensuring that the Family Support Workers and Family Assessment Workers hired for implementation meet the minimum education, background, and experience required by the Best Practice Standards of the Healthy Families America National Office.
 - c. Assuring that the Program Manager meets the minimum education, background and experience required by the Healthy Families America program, which requires a baccalaureate degree for the supervisor position.
 - c. Completing all required HFA core training requirements within six months of hiring date for all program staff hired and contracted during the service period of this Agreement Addendum. Training will be provided by the State HFA Trainer/Consultant or another HFA-approved trainer.
 - d. Maintaining resource and referral systems, including primary health care, mental health services, employment assistance, child care, alcohol or other drug treatment, and both formal and informal support services, that are kept current and made accessible to the HFA staff.
 - e. Conducting a minimum of one outreach activity each quarter to educate community partners (other early childhood serving agencies and providers) on the Healthy Families America program.
 - f. Maintaining a contract with Graham Children's Health Services for them to provide facilitation of a leadership team and community advocacy board as defined by Healthy Families America. The HFA advisory committee should have diverse representation from both counties served, and not be limited to health and human services professionals.
5. Enroll and serve eligible families on the various service levels (or provide justification to DPH on barriers to enrollment) in the HFA program during the service period of this Agreement Addendum. Family Support Workers shall carry a caseload of no more than 25 families at any given time.
 - a. Provide home visits to enrolled participants per the HFA model and with the prescribed frequency and duration: weekly visits for at least the first six months after the child's birth or after enrollment if the family enrolls after the infant is born; visits after this time period may be less frequent. Home visits should, at a minimum, last one hour.
6. Participate in ongoing North Carolina Maternal, Infant, and Early Childhood Home Visiting (NC MIECHV) Program activities, including:
 - a. Ongoing training and technical assistance determined by the NC MIECHV Program to be necessary for service provision. Training and technical assistance may include training in model elements, data collection, early

childhood cross model competencies, implementation science and quality improvement, and will be provided in-person, by telephone, online webinars and/or written communication.

- b. State-sponsored training and conferences, including two NC MIECHV Program site meetings facilitated by the NC MIECHV Program team.
 - c. Data collection for federally mandated MIECHV benchmarks by collecting and reviewing data using software approved by DPH and Prevent Child Abuse America. Data collection is to be entered no later than two business days after each home visit. Data submissions will be overseen by the NC MIECHV Program, who will support the Local Health Department's efforts to ensure data quality.
 1. Data specified by the state and model developer must be collected for the families who receive services funded through this Agreement Addendum.
 2. Each benchmark area required by the federal funding includes multiple constructs. The Local Health Department must collect data for all constructs under each benchmark area.
 3. In addition to the reporting requirements for each benchmark area, the Local Health Department must collect individual-level demographic and service-utilization data on the participants in their program as necessary to analyze and understand the progress children and families are making.
 4. The Local Health Department will work with NC MIECHV to use appropriate software for data collection. NC MIECHV will provide the Local Health Department with technical assistance to ensure data collection software meets the Local Health Department's needs.
 5. The Local Health Department will follow its established plan for data safety and monitoring, including privacy of data, administration procedures that do not place individuals at risk of harm, and compliance with appropriate regulations related to institutional review boards, human subject protections, HIPAA, and FERPA. The Local Health Department must provide training for all relevant staff on these topics.
 - d. Participation in federally mandated Continuous Quality Improvement (CQI) efforts by developing, maintaining, and implementing a local CQI structure, participating in all required CQI training sessions and complete a CQI project designed to meet local program needs.
7. Submit copies (as PDF files by email or paper copies by mail) of all monthly expenditure receipts and invoices including payroll expenses to substantiate previous month's billing within 30 days from completion of each monthly reporting period in order to maintain funding status. Failure to submit the required documentation could result in a reduction of funding.

III. COMPLIANCE REQUIREMENTS

The Type of Compliance Requirements can be found in Section B in the link: [2020 Agency Matrix for Federal Programs](#). This matrix incorporates the OMB Compliance Supplement "Part 2 - Matrix of Compliance Requirement." A State Agency may have added a compliance requirement that the OMB matrix in Part 2 has a "N" (Not Applicable).

A. ACTIVITIES ALLOWED OR UNALLOWED

Healthy Families America Home Visiting funds may be used to provide direct client services.

Allowed

Salaries and operating to support the project according to model fidelity per the Healthy Families America purveyor.

Unallowed

Funds may NOT be used to supplant existing services supported by federal, State or local funds.

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

Compliance Requirements – When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from a State agency. When funds are advanced, recipients may be required to follow specific procedures.

Local Governments and Public Authorities

All local governments and public authorities are required to follow cash procedures for State funds outlined in the State's Budget and Fiscal Control Act (General Statute 159-34) and rules, policies, and procedures established by the Local Government Commission. Additionally, the State-awarding agency may specify their own requirements for the management of State funds and these requirements can be found in Part 10 of this Compliance Section.

Nonprofit Organizations

The specific requirements for the cash management of State funds will be specified by the State-awarding agency. The auditor will find the requirements in the contract and grant agreements, administrative manuals published by the awarding State agency and also cash management requirements can be found in the program specific requirements in Part 10 of this Section.

For any program for which an awarding State agency has established rules, policies and procedures for cash management, recipients should also establish similar procedures for subrecipients.

Audit Objectives – Determine whether:

1. The recipient/subrecipient followed procedures established by the applicable laws, regulations, statutes, and agency requirements.
2. The pass-through entity implemented procedures to assure that subrecipients conformed substantially to the same requirements that applied to the pass-through entity.

Suggested Audit Procedures

1. Select a sample of advances of State funds and compare to the dates the funds were disbursed and/or when the checks were presented to the banks for payment. Using these data, verify that:
 - a. The timing of disbursements was in compliance with any requirements of the awarding agency or any applicable laws, regulations, or statutes.
 - b. If applicable, procedures were established to minimize the time elapsing between drawdown and disbursement of State funds.
2. Where applicable, select a sample of reimbursement requests and trace to supporting documentation showing that the costs for which reimbursement was requested were paid prior to the date of the reimbursement request.
3. Where applicable, review records to determine if interest was earned on advances. If so, review evidence to ascertain whether it was treated in accordance with the applicable laws, regulations, policies, and procedures and agency requirements.

E. ELIGIBILITY

Services are provided to any high-risk family living in a community served by a Healthy Families America program that meet the program eligibility criteria.

Audit Objectives – To determine that the clients enrolled in the program meet eligibility requirements.

Suggested Audit Procedures – Review the program eligibility requirements in the home visiting model elements or program guide, and pull random client records and compare enrollment to eligibility requirements

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

The grantee has agreed to reimburse the State for any loss or damage to equipment furnished the grantee for use in connection with the performance of his contract as specified on page 5 of 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.

Audit Objectives – Determine whether:

1. The grantee maintains proper records for equipment and adequately safeguards and maintains equipment.
2. Disposition or encumbrance of any equipment or real property acquired with State awards is in accordance with the requirements of the awarding agency.

Suggested Audit Procedures

1. Obtain entity's policies and procedures for equipment management and ascertain if they comply with the awarding agency's policies and procedures.
2. Select a sample of equipment transactions and test for compliance with the awarding agency's policies and procedures for management and disposition of equipment.
- 3.

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, 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

Compliance Requirements

Procurement

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.whitehouse.gov/omb/information-for-agencies/circulars/>.

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>.

Audit Objectives – Determine whether procurements were made in compliance with the provisions of the program requirements and any applicable laws, regulations, statutes or other provisions of the awarding State agency.

Suggested Audit Procedure

Test a sample of procurements to ascertain if the applicable laws and the awarding agency procedures were followed.

J. PROGRAM INCOME

Client and third-party fees collected by the local provider from the provision of maternal and child health services must be used to expand, maintain or enhance those services in either the year in which they were earned or a subsequent fiscal year. (10A NCAC 43B .0105).

L. REPORTING

Financial Reporting

Contractors are required to submit monthly expenditure and financial reports within 30 days after the end of the month that the services were provided.

Performance Reporting

- Collect and enter data into an appropriate data management platform on program implementation and outcomes for participants (mothers and babies enrolled in the program) as required by the contract. Information collected include characteristics of clients (including when they enroll in the program during their pregnancies) to ensure the target population is being reached; frequency, content and duration of client visit information to ensure appropriate service provision; and maternal and child outcomes such as substance use during pregnancy, birth outcomes, breastfeeding, immunizations, subsequent pregnancies, child development indicators and maternal workforce and school involvement. This data collection will be used for the funding benchmarks.
- Provide an annual accounting of actual program fiscal expenditures, program revenues (if applicable), and other sources of funding for the program including in-kind contributions.

Audit Objective – Determine whether required reports include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with program requirements.

Suggested Audit Procedures

1. Perform monthly review of submitted reports to ascertain whether they are properly formatted and completed.
2. Review amounts requested and compare with previous months for outliers or unreasonable expenditures.
3. Compare submitted workload with established objectives for the current fiscal year to track compliance with yearly objectives.

M. SUBRECIPIENT MONITORING

The contractor shall not subcontract any of the work contemplated under this contract without obtaining prior to written approval from the Division. Any approved subcontract shall be subject to all conditions of this 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 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 – The auditor should 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.