

93.994

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

State Project/Program: SCHOOL NURSE FUNDING INITIATIVE

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**

Agency Contact Person – Program:

Ann Nichols
(919) 707-5667
Ann.Nichols@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 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 2020 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 School Nurse Funding Initiative (SNFI) is to place nationally certified school nurses or registered nurses working toward national certification in schools to lower the nurse to student ratio and enhance the local school district’s capacity to

provide basic health services to students, including but not limited to the following six basic health services areas:

- Preventing and responding to communicable disease outbreaks;
- Developing and implementing plans for emergency medical assistance for students and staff;
- Supervising specialized clinical services and associated health teaching for students with chronic conditions and other special health needs;
- Providing oversight of medication administration and associated health teaching for other school staff who provide this service;
- Providing or arranging for routine health assessments and follow-up of referrals; and assuring that mandated health-related activities are completed.

II. PROGRAM PROCEDURES

The Local Health Department shall:

- A. Employ, or assure employment of nationally certified school nurse(s) or registered nurse(s) working toward national certification, to work full time.
- B. Submit a signed work plan for each SNFI nurse, no later than one month from hire for new SNFI nurses, or by a date set by the DPH Regional School Health Nurse Consultant (RSHNC) and agreed upon by LHD for returning nurses no later than 30 days after the start of school, using the FY 2020 work plan template provided by the RSHNC.
- C. The work plan shall address the delivery of basic health services, including activities, strategies and goals within, but not limited to, the following areas:
 1. Preventing and responding to communicable disease outbreaks;
 2. Developing and implementing plans for emergency medical assistance for students and staff;
 3. Supervising specialized clinical services and associated health teaching for students with chronic conditions and other special health needs;
 4. Administering, delegating where appropriate, and providing oversight and evaluation of medication administration and associated health teaching for other school staff who provide this service;
 5. Providing or arranging for routine health assessments, such as vision, hearing, or dental screening, and follow-up of referrals; and
 6. Assuring that federal and state mandated health related activities are completed, which includes but is not limited to: Health Assessments, Immunization Status Reports, blood-borne pathogen control plan (OSHA) requirements, services under Section 504, Individuals with Disabilities Education Act, Healthy Active Children (GCS-S-000) requirements for School Health Advisory Councils, and other mandated laws, rules and regulations pertaining to school health. AND, as required by HB 200 SL 2011-145 Section 10.22 (b), school nurses funded by School Nurse Funding Initiative (SNFI) do not assist in any instructional or administrative duties associated with a school's curriculum and do perform all of the following with respect to school health programs:

7. Serve as coordinator of the health services program in their assigned schools and provide nursing care;
 8. Provide health education to students, staff, and parents;
 9. Identify health and safety concerns in the school environment and promote a nurturing school environment;
 10. Support healthy food services programs;
 11. Promote healthy physical education, sports policies, and practices;
 12. Provide health counseling, assess mental health needs, provide interventions, and refer students to appropriate school staff or community agencies;
 13. Promote community involvement in assuring a healthy school and serve as school liaison to a health advisory committee;
 14. Provide health education and counseling and promote healthy activities and a healthy environment for school staff;
 15. Be available to assist the county health department during a public health emergency.
- D. The work plan shall also outline the certification plan the nurse(s) will use toward completing degree and certification requirements, if not already certified. The nurse(s) must be certified no later than three years from the date of employment as a school nurse in North Carolina. The certification plan will be updated with the RSHNC in January and June of each school year.
- E. Work plan progress will be monitored via annual site visits conducted by the RSHNC.

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

Allowed

Funds may only be used for School Nurse Funding Initiative.

Funds will be awarded for the incremental costs that are associated with the implementation of the identified evidence-based programs. Incremental costs are defined as costs that are new to the organization as a result of this project. Funds are intended to be used for:

- Personnel cost for the preparation, facilitation, and follow-up required for the delivery of the selected program model;
- Cost of training and technical assistance from program developers or their assignees, including travel expense;
- Cost of technical assistance and coaching from program developers or designated North Carolina providers;

- Direct program expense including but not limited to materials, client transportation, childcare, required equipment, and required or developer recommended materials; and
- Community outreach to publicize the program and to identify and recruit program participants.

Note: *Travel cost should be computed at rates up to the current State regulations.*

In recognition of the critical importance of maintaining program fidelity, the Division of Public Health requires local health departments to commit to the highest level of staff training available. However, only those costs associated with the specific training and technical assistance recommended and provided by program developers, their assignees, or designated North Carolina providers will be permitted as allowable expenditures.

Unallowed

Funds may not be used to supplant any other school related programs or initiatives.

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 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

The NC Division of Public Health uses the NC Institute of Medicine's (IOM) *New Directions* prevention program classification system to differentiate interventions according to the level of risk associated with the respective population served. The *New Directions* prevention categories are as follows:

- **Universal** interventions – are applied to general population with the goal of preventing child maltreatment from ever occurring. Universal strategies are available to everyone, rather than targeting populations based on risk factors or specific characteristics.
- **Selective** interventions – target activities to a group with specific risk factors with the goal of preventing child maltreatment from occurring in that group. Programs may target services to individuals, families, or communities based on risk factors such as children's special health needs, parental age, poverty, substance abuse, domestic violence, or maternal depression.
- **Indicated** interventions – target activities to a group that has experienced abuse or neglect with the goal of preventing child maltreatment from reoccurring in that group. An example includes parent training for parents who have been substantiated for abuse or neglect by a local department of social services.

Only programs that focus on **universal** or **selective** interventions are eligible for funding.

Programs that focus on **indicated** interventions will not be considered for funding.

Audit Objectives – Not applicable.

Suggested Audit Procedures – Not Applicable.

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.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Not applicable at 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, 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.

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

- A. Service is provided by a nationally certified school nurse(s). If the nurse(s) hired with these funds is (are) not nationally certified, service is provided by a registered nurse(s) working towards certification. This requirement shall be completed no later than the date of completion of three years of employment as a school nurse in North Carolina.
- B. Services are provided in accordance with standards established by the North Carolina Nurse Practice Act and the North Carolina Board of Nursing. The North Carolina School Health Program Manual, latest edition, shall be consulted as a resource, as well as the Scope and Standards of School Nursing developed by American Nurses Association and National Association of School Nurses.
- C. Services are provided in a culturally sensitive manner.
- D. Services are provided with adherence to federal law in relation to privacy of student records, following both HIPAA (Health Insurance Portability and Accountability Act) and FERPA (Family Educational Rights and Privacy Act), as applicable. Where HIPAA and FERPA may appear to be in conflict, FERPA shall be followed regarding records that become part of the student's educational record; US Department of Education and North Carolina Department of Public Instruction guidelines are resources.

Monitoring

- A. The DPH Regional School Health Nurse Consultants (RSHNC) will review budgets and expenditures to assure that funds are spent according to the approved plan on a monthly basis.
- B. The RSHNC will monitor vacancies, recruitment, hiring, and certification status or progress towards certification.
- C. The RSHNC will maintain regular contact (email, phone, and on-site) with the Local Health Department to review progress on contract deliverables no less than twice a year.
- D. Deliverables, as outlined in this Agreement Addendum, will be monitored via submission of the signed work plan for each SNFI nurse, reported progress on certification for non-certified school nurses, and annual site visits by the RSHNC. A sub-recipient monitoring report will be completed by the DPH program staff and a copy made available to the Local Health Director. The report will demonstrate assurance that program goals are being addressed and that all deliverables are on target to be met. If the report indicates failure to adhere to deliverables the Local Health Director or designee will work with the RSHNC to develop a corrective action plan. If the corrective action does not meet contract requirements, the DPH may take action resulting in cessation of funding.

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.