

93.069

**PUBLIC HEALTH EMERGENCY PREPAREDNESS**

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**State Project/Program: NC PUBLIC HEALTH PREPAREDNESS AND RESPONSE**

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**U. S. Department of Health and Human Services**

**Federal Authorization:** CFDA 93.069 as authorized under section 301 (a) and 317 of the Public Health Services (PHS) Act [42 U.S.C. 241 (a) and 247 (b)] and section 317(a) of the Public Health Services (PHS) Act [42 U.S.C. 247b(a) and (e)], pursuant to the Pandemic and All-Hazards Preparedness Act (PAHPA), Public Law No. 109-417.

**State Authorization:** Chapter 10A North Carolina Administrative Code Title 48D.0304

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

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**Address Confirmation Letters To:**

SFY 2021 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 2020-2021)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except “[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2019-2021\)](#)”.

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.

**Auditors may request documentation of monitoring visits by the State Agencies.**

This compliance supplement must be used in conjunction with the OMB 2021 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 mission of North Carolina's Public Health Preparedness and Response (PHP&R) Program is to coordinate a Public Health response system of local, regional and state assets to all hazards and their public health effects. This is done by responding to natural, biological, chemical and radiological and terrorism incidents using active and passive surveillance, outbreak and individual case investigation, laboratory diagnosis, risk assessment, and initiation of control measures, including prophylaxis, treatment, quarantine, and environmental and personal decontamination, and by communicating risk information to state and local government officials, the media and the public. There is one central PHP&R Office based in Raleigh, NC, and four PHP&R Regional Offices, located in, Buncombe, Mecklenburg, Pitt, and Wake Counties. The Regional Teams provide regional and/or statewide support to State Public Health Preparedness and Response activity. In this capacity, the Regional Teams are directly dispatched by the State Level Public Health Preparedness and Response Coordinator, State Health Director, or the Governor, depending on the state of emergency that exists.

The goals of this program are to:

- conduct regional and local public health preparedness capabilities assessments in support of statewide Public Health Preparedness and Response;
- enhance regional and local preparedness capacity by developing and maintaining a network of State, regional and local agencies in support of Public Health Preparedness and Response;
- conduct bioterrorism and infectious disease surveillance, outbreak and investigation training by local public health agencies, hospitals, and their public planning and response partners;
- establish and maintain enhanced infrastructure for laboratory capacity in support of the State Public Health Preparedness and Response testing and surveillance system at the North Carolina State Laboratory of Public Health;
- raise public awareness regarding bioterrorism and infectious disease outbreaks, and contaminating incidents at the local level; and
- establish and maintain a trained workforce and the necessary technology to sustain preparedness activities statewide.

## **II. PROGRAM PROCEDURES**

Federal grant funds are awarded to the State by the U. S. Department of Health and Human Services through a non-competitive cooperative agreement (NU90TP922002) with Centers for Disease Control and Prevention (CDC). Each of the 100 counties in North Carolina is allocated funding for Public Health Emergency Preparedness and Response training, equipment and public health information dissemination based on a formula of base plus adjustment for land mass and population. The NC DHHS Division of Public Health, Epidemiology Section, administers the Public Health Emergency Preparedness and Response Program, the offices of which are located in the Cooper Building in Raleigh, NC, telephone (919) 715-0919.

**III. COMPLIANCE REQUIREMENTS**

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined to be direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	Y	N	Y	Y	N	Y	Y	Y

**A. Activities Allowed or Unallowed**

- (1) The central PHP&R office and the four PHP&R regional teams may utilize federal Pandemic and All-Hazards Preparedness Act (PAHPA) funds for: salaries and benefits, office leasing, travel and office supplies used for Public Health Emergency Preparedness and Response activities; medical/laboratory supplies for the two health departments with bioterrorism laboratories; based on specific written approval of State Public Health Preparedness and Response Program staff; information technology equipment with specific written approval of State Bioterrorism Information Technology staff; telecommunications services for telephones and internet connectivity/communication; and office furniture.
- (2) Each of North Carolina’s one hundred (100) counties may utilize Public Health Emergency Preparedness and Response funds, as disbursed through the Local Health Department/District, to cover Public Health Emergency Preparedness and

Response training, equipment and public health information dissemination expenses for: tuition, registration fees, purchase of education courses or materials, travel and per diem, production and advertising Public Health Emergency Preparedness and Response information, including radio and media materials; rental of facilities, audio/video equipment, and vehicles and teleconference fees, and purchase/production of training publications, mail supplies and postage. Types and combinations of materials used are discretionary. However, the Public Health Preparedness and Response Communications Coordinator must approve message content in advance, unless the materials originated from CDC, HRSA or other State or federal sources.

PHP&R must approve any expenditure for a single item or group of related equipment and supply items above \$2,500. Further, vehicle leasing by the Local Health Department/District may be permitted based on the specific written approval of State Public Health Preparedness and Response staff.

### B. Allowable Costs/Cost Principles

Federal grant funds for North Carolina Public Health Emergency Preparedness and Response for Bioterrorism programs and activities are awarded to the State by the U. S. Department of Health and Human Services through a non-competitive cooperative agreement (NU90TP922002) with Centers for Disease Control and Prevention (CDC). And as such, the NC DHHS, Division of Public Health, Epidemiology Section, Public Health Preparedness and Response Program fully adheres to the principles, standards and policies set forth in Office of Management and Budget (OMB) 2 CFR Part 200.

### E. Eligibility

All 100 counties through the eighty-five (85) Local Health Departments/Districts are eligible for federal Pandemic and All-Hazards Preparedness Act (PAHPA) funding. Further, each health department may bill any third party for services rendered in the event of a bioterrorism event. All one hundred (100) North Carolina counties are eligible for training and public health information dissemination funding

### F. Equipment and Real Property Management

All equipment purchased with Public Health Preparedness and Response funds must be properly maintained and inventoried. Local Health Department records must indicate that this equipment was purchased with these federal funds. Use of this equipment shall be to support Public Health Emergency Preparedness and Response efforts.

### H. Period of Performance

All Public Health Preparedness and Response funds must be utilized to support Public Health Emergency Preparedness and Response efforts and must be spent within the grant period of July 1, 2019 through June 30, 2020.

### 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 grant's 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 State of North Carolina Agency Purchasing Manual accessible on the Internet at <https://ncadmin.nc.gov/about-doa/divisions/purchase-contract>.

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

### L. Reporting

Local health departments are required to submit expenditure reports as outlined in the Consolidated Agreement between the Division of Public Health and each Local Health Department.

#### **Suggested Audit Procedures**

Special services may be tested by:

- reviewing whether a contract was developed between the health department and the provider of this special service;
- requesting evidence from the health department of prior written approval from the State Public Health Preparedness and Response Coordinator when required;
- requesting and reviewing the required agreement addenda and budget authorizations which provides the special funds for this service, and;
- reviewing to ensure one of three models is used as a protocol for services.

### M. Subrecipient Monitoring

The office of Public Health Preparedness and Response utilizes a process that involves ongoing monitoring of both programmatic and fiscal subrecipient responsibilities and activities. This process includes: reviewing subrecipient reports, performing site visits to review financial and programmatic records and observing operations; providing training and direction for the completion of all necessary and required forms and documents, encouraging frequent and open communications through telephone calls, e-mails, and letters, and performing random inspections and audits of program activities.

At least annually, the subrecipient monitor assigns the subrecipient agency a risk category based on performance. If a subrecipient agency is determined to be “high risk”, that information is recorded and provided to the subject subrecipient agency and to the Division office. After review and based upon the risk category assigned and the required frequency of site visits for that category, the subrecipient monitor schedules the necessary site visits and records the dates on the Subrecipient Monitoring Log.

### N. Special Tests and Provisions

The DHHS Division of Public Health is made up of five major sections: Administrative, Local and Community Support, Chronic Disease and Injury, Epidemiology, Oral Health and Women’s and Children’s Health Sections. 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 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, as applicable, 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.