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**MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED  
PROGRAMS**

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**State Project/Program: NC MATERNAL HEALTH INNOVATION PROGRAM**

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

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**Federal Authorization:** Social Security Act, Title V, § 501(a)(2) (42 U.S.C. § 701(a)(2))  
Social Security Act, Title V, section 501-Part a

**State Authorization:** N/A

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

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**Agency Contact Person – Program**

Rebecca Severin  
(919) 707-5680  
[Rebecca.Severin@dhhs.nc.gov](mailto:Rebecca.Severin@dhhs.nc.gov)

**Agency Contact Person – Financial**

Samantha Radel  
(919) 623-3122  
[Samantha.Radel@dhhs.nc.gov](mailto:Samantha.Radel@dhhs.nc.gov)

**Address Confirmation Letters To:**

SFY 2022 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 2021-2022)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except “[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2020-2022\)](#)”.

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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 2022 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 North Carolina's Maternal Health Innovation Program is to establish a state-focused Maternal Health Task Force to guide the work and development of a Maternal Health Strategic Plan with the goal of addressing disparities in maternal health and improving maternal health outcomes, inclusive of preventing maternal mortality and reducing severe maternal morbidities. The North Carolina Department of Health and Human Services (DHHS), Division of Public Health (DPH), Women's and Children's Health Section (WCHS) is the state's Title V agency charged to plan and support the State's perinatal care system. The Women's and Children's Health Section (WCHS)/Women's Health Branch (WHB) provides oversight to this program.

WCHS with its key partners, NC Area Health Education Center (AHEC), NC Office of Minority Health and Health Disparities, NC Ob/Gyn Society, NC Affiliate of American College of Nurse-Midwives, NC Academy of Family Physicians, NC Institute of Medicine, Centering Consortium, NC Chapter March of Dimes, University of North Carolina at Chapel Hill Center for Maternal and Infant Health, Perinatal Quality Collaborative of North Carolina (PQCNC) which includes the Alliance for Innovation on Maternal Health (AIM), NC Maternal Mortality Review Committee, Upstream NC, Mountain Area Health Education Center (MAHEC), Division of Health Benefits (Medicaid), and the Office of Rural Health, will work collaboratively alongside individuals with lived experiences, health systems, providers, prepaid health plans, and community-based programs to improve the perinatal system of care in our state and thereby improve maternal health outcomes. Additional information is located in the Project Abstract found at the State program office.

## **II. PROGRAM PROCEDURES**

The Health Resources and Services Administration-Maternal Child Health Bureau (HRSA MCHB) established and funded the State Maternal Health Innovation Program to assist states in collaborating with maternal health experts and optimizing resources to implement state-specific actions that address disparities in maternal health and improve maternal health outcomes, including the prevention and reduction of maternal mortality and severe maternal morbidity (SMM). The overarching goal of this initiative is to improve maternal health outcomes in the United States by catalyzing multidisciplinary collaboration, collecting and analyzing maternal health data and promoting and executing innovation in maternal health service delivery to advance evidence-informed strategies that achieve a measurable impact.

State Maternal Health Innovation Program funded sites are required to:

1. Establish a state-focused Maternal Health Task Force to create and implement a strategic plan that incorporates activities outlined in the state's most recent Title V, Needs Assessment;
2. Improve the collection, analysis, and application of state-level data on maternal mortality and severe maternal morbidity; and
3. Promote and execute innovation in maternal health service delivery, such as improving access to maternal care services, identifying, and addressing workforce needs, and/or supporting postpartum and interconception care services, among others.

Funded in September 2019 by the Health Resources and Services Administration-Maternal Child Health Bureau (HRSA MCHB), funds will be used to augment and strengthen the state's perinatal system of care. As an outgrowth of our state's Perinatal Health Strategic Plan (2016-2020), the Preconception Health Strategic Plan (2014-2019), and the work of our recent

Perinatal System of Care Task Force, the Women's and Children's Health Section/Women's Health Branch (WCHS/WHB) will partner with the NC Institute of Medicine, who will convene the State Maternal Health Innovation Task Force, whose members will work to identify, recommend and implement evidence-based solutions to address maternal health issues in North Carolina.

Key program components:

- Convening a Maternal Health Task Force to guide the work and develop a Maternal Health Strategic Plan, in partnership with the NC Institute of Medicine.
- Partner with AHEC and the Office of Minority Health and Health Disparities to focus on curricula and other trainings for physicians, midlevel practitioners, nurses, and others related to health equity, implicit bias, and social determinants of health.
- Partner with the AHEC Scholars Program to train diverse students from across the state on maternal health issues inclusive of health equity, implicit bias, and social determinants of health.
- Partner with the NC Ob/Gyn Society, NC Academy of Family Physicians, and NC Affiliate of American College of Nurse-Midwives to recruit and implement a team Champion model with Obstetricians and Family Practice physicians to serve as "champions" within their perinatal care region for maternal health issues. This may include serving on the Maternal Health Task Force.
- Implement new Centering Pregnancy sites within priority Perinatal Care Regions (PCRs) 5 and 6.
- Provide telehealth services at 2 sites within priority Perinatal Care Regions 1 and 6 to increase access to specialty care services within rural and underserved communities.
- Partner with 2 community-based organizations to implement outreach services in the preconception, prenatal, postpartum, and interconception period utilizing Community Health Workers and provide Doula services.
- Implement the 4<sup>th</sup> Trimester Project in priority Perinatal Care Regions 5 and 6 to reach women in the postpartum period including those whose children are in the Neonatal Intensive Care Unit (NICU).

Additional information is contained in the Project Abstract found at the program sites and the State program office. The NC Maternal Health Innovation Program is administered by the Preconception Health and Family Support Unit, Women's Health Branch.

### 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 2022 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 2022 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 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	Y	Y	Y	N	N	Y	N	Y	Y	Y

#### A. Activities Allowed or Unallowed

Grantees are to complete activities as noted in their contract addenda/scope of work. Each scope of work is different based upon the needs of the specific area served. See individual contract scopes of work for more information.

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

Equipment must be accounted for in accordance with the North Carolina Department of State Treasurer Policies Manual, Chapter 20, Fixed Assets Policy.

Title to equipment costing in excess of \$2,500.00 acquired by the Contractor with funds from this contract shall vest in the contractor, subject to the following conditions:

1. The Contractor shall use the equipment in the project or program for which it was acquired as long as needed. When equipment is no longer needed for the original project or program or if operations are discontinued, the Contractor shall contact the Department of Health and Human Services, Division of Public Health, for written instructions regarding disposition of equipment.
2. When acquiring replacement equipment, the Contractor may use the equipment to be replaced as trade-in against replacement equipment or may sell said equipment and use the proceeds to offset the costs of replacement equipment subject to written approval of the Division of Public Health.
3. For equipment costing in excess of \$2,500.00, equipment controls and procedures shall include at a minimum the following:
  - a) Detailed equipment records shall be maintained which accurately include the:
    - i. Description and location of the equipment, serial number, acquisition date/cost, useful life and depreciation rate;
    - ii. Source/percentage of funding for purchase and restrictions as to use or disposition
    - iii. Disposition data, which includes date of disposal and sales price or method used to determine fair market value.
  - b) Equipment shall be assigned a control number in the accounting records and shall be tagged individually with a permanent identification number.
  - c) Biennially, a physical inventory of equipment shall be taken and results compared to accounting and fixed asset records. Any discrepancy shall immediately be brought to the attention of management and the governing board.
  - d) A control system shall be in place to ensure adequate safeguards to prevent loss, damage, or theft of equipment and shall provide for full documentation and investigation of any loss or theft.
  - e) Adequate maintenance procedures shall be implemented to ensure that equipment is maintained in good condition.
  - f) Procedures shall be implemented which ensure that adequate insurance coverage is maintained on all equipment. A review of coverage amounts shall be conducted on a periodic basis, preferably at least annually.
4. The Contractor shall ensure all subcontractors are notified of their responsibility to comply with the equipment conditions specified in this section.

Prior written approval from Department must be obtained before purchasing equipment valued over \$2,500.00. Institutions of higher education, hospitals and other non-profit organizations shall use procurement procedures that conform to applicable federal law and regulations and standards identified in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200. All non-federal entities shall follow federal laws and implementing regulations applicable to procurements, as noted in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200.

E. Eligibility

Per the federal Maternal Health Innovation grant guidance, NC Maternal Health Innovation program will serve pregnant, postpartum and interconception women of child-bearing age in all Perinatal Care Regions, with priority in PCRs 5 and 6. NC Maternal Health Innovation funded sites shall impose no charges on clients for services.

F. Equipment and Real Property Management

Equipment must be accounted for in accordance with the North Carolina Department of State Treasurer Policies Manual, Chapter 20, Fixed Assets Policy.

Title to equipment costing in excess of \$2,500.00 acquired by the Contractor with funds from this contract shall vest in the contractor, subject to the following conditions:

4. The Contractor shall use the equipment in the project or program for which it was acquired as long as needed. When equipment is no longer needed for the original project or program or if operations are discontinued, the Contractor shall contact the Department of Health and Human Services, Division of Public Health, for written instructions regarding disposition of equipment.
5. When acquiring replacement equipment, the Contractor may use the equipment to be replaced as trade-in against replacement equipment or may sell said equipment and use the proceeds to offset the costs of replacement equipment subject to written approval of the Division of Public Health.
6. For equipment costing in excess of \$2,500.00, equipment controls and procedures shall include at a minimum the following:
  - g) Detailed equipment records shall be maintained which accurately include the:
    - iv. Description and location of the equipment, serial number, acquisition date/cost, useful life and depreciation rate;
    - v. Source/percentage of funding for purchase and restrictions as to use or disposition
    - vi. Disposition data, which includes date of disposal and sales price or method used to determine fair market value.
  - h) Equipment shall be assigned a control number in the accounting records and shall be tagged individually with a permanent identification number.
  - i) Biennially, a physical inventory of equipment shall be taken and results compared to accounting and fixed asset records. Any discrepancy shall immediately be brought to the attention of management and the governing board.

- j) A control system shall be in place to ensure adequate safeguards to prevent loss, damage, or theft of equipment and shall provide for full documentation and investigation of any loss or theft.
  - k) Adequate maintenance procedures shall be implemented to ensure that equipment is maintained in good condition.
  - l) Procedures shall be implemented which ensure that adequate insurance coverage is maintained on all equipment. A review of coverage amounts shall be conducted on a periodic basis, preferably at least annually.
5. The Contractor shall ensure all subcontractors are notified of their responsibility to comply with the equipment conditions specified in this section.

Prior written approval from Department must be obtained before purchasing equipment valued over \$2,500.00. Institutions of higher education, hospitals and other non-profit organizations shall use procurement procedures that conform to applicable federal law and regulations and standards identified in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200. All non-federal entities shall follow federal laws and implementing regulations applicable to procurements, as noted in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200.

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 grants 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 [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).

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

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.

L. Reporting

Financial Reporting

Monthly expenditure reports (DHHS 2481) are required to be completed for payment. The Contractor shall submit to the Division a monthly reimbursement request and, upon approval by the Division, receive payment within 30 days. The original expenditure report, DHHS 2481, shall be submitted to the Division Contract Administrator. The Contractor shall have up to thirty (30) days from last day of contract for close out, completion and submission of the final monthly expenditure report related to this contract period. If this contract is terminated, the Contractor is required to complete a final accounting report and to return any unearned funds to the Division within 60 days of the contract termination

date. In addition, local health departments are required to submit quarterly expenditure reports to the program. All payments are contingent upon fund availability.

#### Performance Reporting

Local health departments and community-based contractors submit program participant information (forms sent via password protected email attachments) to the NC Maternal Health Innovation Program once a month for review and analysis by the NC Maternal Health Innovation Epidemiologist. In addition, all entities who receive NC Maternal Health Innovation Program funds are required to submit biannual program reports and participant records are viewed during an onsite monitoring visit at least once a year.

#### M. Subrecipient Monitoring

Organizations may contract with other agencies to provide allowable services. Unless services are obtained on other than fee for service contracts, the auditor does not need to audit for this requirement. (Reference Section C (1) (c and d) of the Consolidated Agreement between the local health department and the Division of Public Health)

#### N. Special Tests and Provisions

##### **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 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 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 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.