
IMPROVING COMMUNITY OUTCOMES FOR MATERNAL AND CHILD HEALTH

State Authorization: Session Law 2017-57, Section 11E.3(a – d)

**North Carolina Department of Health and Human Services
Division of Public Health**

Agency Contact Person - Program

LaDonna Warren
(919) 707-5690
ladonna.warren@dhhs.nc.gov

Agency Contact Person – Financial

Samantha Radel
(919) 623-3122
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 \(State Fiscal Years 2020-2022\)](#)”.

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.

I. PROGRAM OBJECTIVES

The objective of the Improving Community Outcomes for Maternal and Child Health Initiative (ICO4MCH) is to provide funds to local health departments (LHD) via Session Law 2017-57, Section 11E.3. (a.- d.) to implement evidence-based strategies that are proven to lower infant mortality rates, improve birth outcomes and improve the overall health status of children ages birth to five through a competitive request for applications process (RFA) every two years. This law places the following requirements on the Division of Public Health (DPH) when selecting local health departments to be funded:

- the Division shall prioritize grant awards to local health departments that are able to leverage non-State funds in addition to the grant award;
- the grant awards to local health departments are to be dedicated to providing services on a county-wide basis;
- the local health department shall participate in evaluation, including measurable impact or outcomes; and the local health department shall ensure that grant funds will supplement and not supplant existing funds for health and wellness programs and initiatives.

II. PROGRAM PROCEDURES

The objective of the Improving Community Outcomes for Maternal and Child Health Initiative (ICO4MCH) is to provide funds to local health departments (LHD) via Session Law 2017-57, Section 11E.3. (a.- d.) to implement evidence-based strategies that are proven to lower infant mortality rates, improve birth outcomes and improve the overall health status of children ages birth to five through a competitive request for applications process (RFA) every two years. This law places the following requirements on the Division of Public Health (DPH) when selecting local health departments to be funded:

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the local health department shall ensure that grant funds will supplement and not supplant existing funds for health and wellness programs and initiatives.

PROGRAM AIMS	EVIDENCE-BASED STRATEGIES
A. Improved Birth Outcomes	Reproductive Life Planning (RLP)
	Improving Preconception and Interconception Health
B. Reduced Infant Mortality	10 Successful Steps for Breastfeeding, with a specific focus on Step 3 and Step 10
	Tobacco Cessation and Prevention
C. Improved Health Status of Children Ages 0-5	Positive Parenting Program (Triple P)
	Family Connects Newborn Home Visiting

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 State agency noted by "Y."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

1	2	3	4	5	6	7	8	9	10	12	13	14
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Conflict of Interest	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	N	Y	Y	Y	Y	Y	N	Y	Y	Y

1. Activities Allowed or Unallowed

Allowable activities are specified in the request for applications and the Agreement Addenda.

2. 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.

3. Cash Management

LOCAL HEALTH DEPARTMENT PROJECTS

In accordance with the provisions of the Consolidated Agreement with Local Health Departments/Districts/Public Health Authorities/Human Service Agencies (see Section N for further discussion of the Consolidated Agreement), local agencies report actual expenditures on a monthly basis. Payments are made in the following month based upon the amounts of reported expenditures to the extent that authorization remains. Payments, comprised of both federal and State funds are used to support operating expenses, primarily staff salary and fringe benefits. For a complete discussion of the Consolidated Agreement, see Section N below. (Consolidated Agreement).

5. Eligibility

Only local health departments/districts are eligible to apply for this RFA. Given the amount of funding available, the awarding of these funds are competitive. Single, regional, or multi-county applications are encouraged. For a multi-county application that includes different local health departments, one county must take the lead in submitting the application. DPH will accept applications from single or multi-county local health departments (LHDs) that meet certain criteria of need.

Local Health Departments applying for funding had to meet the following eligibility requirements: 1,000 or more births in 2017 in the county(ies); and one of the following:

(a) combined 2015-17 infant mortality rate of 10.8 or higher per 1,000 live births AND 20 or more infant deaths; (b) combined 2013-17 infant mortality disparity ratio of 2.4 or higher; (c) based on the American Community Survey(ACS 2013-17, data), percent of children <5 years of age living in poverty must be 38.9% or higher; OR (d) percent of children <19 years of age who are uninsured must be 7.4% or higher, ,2017 Small Area Health Insurance Estimates (SAHIE).

6. 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.

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; and
 - 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 1, Chapter II, Part 200. All non-federal entities shall follow federal laws and implementing regulations applicable to procurements, as noted in federal agency implementation of Title 2 Code of Federal Regulations, Chapter 1, Chapter II, Part 200.

7. Matching, Level of Effort, Earmarking

This is a requirement in the Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200 federal supplement. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients. Therefore, Level of Effort or Earmarking does not apply to the subrecipients of this supplement.

8. Period of Performance

Contract funds may be used to support costs incurred during the funding period. In the case of local health departments, this period is the same as the State fiscal year and the period covered by the Consolidated Agreement, July 1 through June 30. Unobligated, unexpended funds may not be carried forward. Settle-up and final expenditure submission should occur within forty-five days of the end of the contract period, i.e., June 30. (Consolidated Agreement)

9. 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.

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.

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

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.

12. Reporting

Financial Reporting: Local health departments are required to submit a Local Expenditure Report. (See Consolidated Agreement). All payments are contingent upon fund availability.

Performance Reporting: Quarterly reports are required to be submitted within 30 days at the end of the reporting quarter.

13. Subrecipient Monitoring

Local health departments and other entities frequently 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).

14. 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.

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 the grantee received and disbursed State funds.