
93.104	COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED)
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State Project/Program:	NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND ROGRAM
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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION

Federal Authorization: Public Health Service Act, Title V, Part E, Section 561, Public Law 102-321, 42

State Authorization: Senate Bill 402-Ratified Session Law 2013-360, Section 12F.3.
(a)

N. C. Department of Health and Human Services
Division of Child and Family Well-Being

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Address Confirmation Letters To:

SFY 2024 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 2023-2024)”. 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”.

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.

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

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

I. PROGRAM OBJECTIVES

The NC System of Care Expansion: Focus on Governance Development and High-Fidelity Wraparound (HFW) Program grant supports the implementation, expansion, and integration of the System of Care (SOC) approach in North Carolina. This SAMHSA grant assists in creating sustainable infrastructure and services to enhance the current systems of care that aim to prepare children and youth with or at risk of SED for successful transition to adulthood and assumption of adult roles and responsibilities. Specifically, by expanding the North Carolina's High-Fidelity Wraparound Program's reach throughout North Carolina and enhancing the current NC SOC through service improvement and enhancing local governance structures, DHHS, Division of Child and Family Well-Being (DCFV) expects to reduce the number of young people requiring residential placement over the course of this four-year grant.

The Department North Carolina's Division of Child and Family Well-Being (DCFV) is applying to address specific needs through strengthening the NC SOC approach at the state, county, and provider levels. Efforts will result in a stronger state level policy and governance structure, more knowledgeable and influential local collaboratives, and the expansion of evidence-based practices proven effective for youth with or at risk of a serious emotional disturbance (SED). Building a better system for all children with SED is the priority with emphasis on target populations that include **(1)** youth at high risk for placement in residential services, mental health crisis units and emergency departments, **(2)** minority populations, **(3)** children in foster care, and **(4)** children with exposure to trauma and losses.

- G1: Expand and formalize the screening to service continuum for comprehensive community child/youth mental health services through screening, linkage, and service delivery while using data to identify common and emergent mental health, substance use and resource needs, and to plan interventions accordingly.
- G2: Establish and support sustainability of two new HFW teams in NC and improve performance of four established HFW teams.
- G3: Assess, engage, and support county SOC Collaboratives to better understand how SOC and results-based accountability (RBA) supports comprehensive community mental health services for children and youth and to increase capacity to identify and intentionally address resource and service needs.
- G4: Establish a Statewide Advisory Council (SOCAC) to become a permanent statewide body by the end of grant to improve the effectiveness and efficiency of SOC related state and local practices and the continuum of care for children with SED.

II. PROGRAM PROCEDURES

This is a four-year grant that allows a maximum budget of \$3 million/year. It has a 3:1 matching requirement for the first three years and 1:1 matching of federal/non-federal funds for the final year. The four-year budget was approved when the competing application was awarded and is contingent upon meeting the requirements of the award.

The Department must comply with the Standard Terms and Conditions for the Fiscal Year in which the grant was awarded (FFY 2023). These conditions are located at:

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

<https://www.samhsa.gov/grants/grants-management/notice-award-noa/standard-terms-conditions>.

Prior approval is required for but is not limited to: change in key personnel and level of effort, budget revision, change in scope, formal carryover request, and no cost extension. Grant recipient must follow the instructions in the Notice of Award's Standard Terms and Conditions. Key Personnel are designated in North Carolina original application.

The federal Health and Human Services (HHS) makes payments under this award to the North Carolina Department Health and Human Services (DHHS) available through the HHS Payment Management System (PMS). PMS is a centralized grants payment and cash management system, operated by the HHS Program Support Center (PSC), Division of Payment Management (DPM).

DCFW expends the funds in the following two ways:

1. Allocations to LME/MCOs

The bulk of the grant funds are provided to the 4 LME/MCOs through DHHS, Division of DMHDDSUS allocation letters that identify the specific grant activities that these funds are intended to support. Funds must be expended or earned in accordance with the Division of Mental Health, Developmental Disabilities and Substance Use Services' Performance Contract, including amendments via individual allocation letters. NCTracks, which replaced the Integrated Payment and Reporting System (IPRS) as of July 1, 2013, is used to ensure that eligible children/youth with serious emotional disturbance are the recipients of services supported by this federal grant. by MHBG and State funds. The State uses no more than 5% of the grant for administrative costs (this is a State-level requirement and not required to be monitored at the local level).

For funds allocated through UCR, LME/MCO report services delivered to eligible adult and child mental health clients through Unit Cost Reimbursement (UCR) will report via NCTracks effective July 1, 2013 as amended.

For funds allocated as non-UCR funds, any applicable reporting requirements are set forth in specific allocation letters to Local Management Entities/Managed Care Organizations (LME/MCO).

2. Contracts with non-profit entities

DCFW provides a limited number of financial assistance contracts with non-profit organizations to carry out workforce development activities for the participating LME-MCOs related to the federal grant. These contracts establish specific objectives and performance measures related to the key federal grant components. The contractors are reimbursed monthly. The contractors submit invoices (contract reimbursement requests – CRRs) to DCFW.

Contract Reimbursement Requests (CRRs) are submitted by the 10th of the month unless otherwise specified. Quarterly reports on the deliverables in the contract are also required.

III. COMPLIANCE REQUIREMENTS

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

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

2024 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, Embarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

A. ACTIVITIES ALLOWED OR UNALLOWED

- Develop and implement a culturally and linguistically appropriate social marketing/communication strategic plan to promote, develop, and sustain services and systems change when federal funding ends.
- Provide therapeutic recreational activities¹ for clients to address treatment goals.
- Provide mental health services (other than residential or inpatient facilities with ten or more beds) that are determined by the individualized care team to be necessary and appropriate to meet a critical need of the child/youth or the child’s family related to the child’s mental health needs.
- Provide trauma- and grief-informed mental health services specifically to youth with SED/SMI who have experienced Sexual or Gender Identity Change (SOGI) Efforts.
- Provide evidence-based family counseling, support services, and mental health resources for families with LGBTQI+ youth at risk of or with SED/SMI.
- Develop a plan to disseminate funds to support the individualized needs of children, youth, and families that are not typically covered services and otherwise not reimbursable. [NOTE: Use of these funds shall be tied into an individual’s plan of

¹ Therapeutic recreation is a systematic process that utilizes recreation and other activity-based interventions to address the assessed needs of individuals with illnesses and/or disabling conditions, as a means to psychological and physical health, recovery, and well-being. Further, “Recreational Therapy” means a treatment service designed to restore, remediate, and rehabilitate a person’s level of functioning and independence in life activities, to promote health and wellness as well as reduce or eliminate the activity limitations and restrictions to participation in life situations caused by an illness or disabling condition. <https://www.atra-online.com/page/AboutRecTherapy>

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

care (i.e., treatment plan), should be considered as a temporary solution to address a specific need, and the funds shall be nominal, non-recurring, and approved by SAMHSA.]

- Develop and implement plans to fund, provide and sustain integrated care services between pediatric primary care providers and health systems and youth mental health providers and systems.
- Develop and implement plans to address the crisis of children waiting for mental health care in hospital emergency departments.
- Collaborate with organizations providing residential interventions to ensure that timely and appropriate transitions to community-based services occurs in a seamless and high-quality manner.
- Collaborate with child welfare agencies to ensure that parents do not have to give up custody to obtain mental health services for a child with SED/SMI.

B. ALLOWABLE COSTS/COST PRINCIPLES

All grantees that expend State funds (including federal funds passed through NCDHHS) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201 Part 200 Subpart E – Cost Principles.)

NC DHHS submitted its cost allocation plan to SAMHSA in support of the indirect charge in the grant application and the continuation award application.

Allowable Costs:

Grant funds may be used for salaries, wages and fringe benefits of professional and support staff; travel directly related to carrying out service activities; supplies, communications, and rental of equipment and space; training specifically aimed at one of the following: the development of individualized service plans; the provision of therapeutic foster care, group home care; intensive home-based services, or intensive day treatment services; administration of the system; and appropriate continuing education of two days or less; contracts for performance of activities under the approved project; and other such items necessary to support project activities.

Unallowable Costs:

Grant funds and required matching funds may not be used for: other required services; to purchase or improve real estate property; provide residential care and/or services in residential treatment centers serving more than 10 children in inpatient hospital settings; any training activities with the exception of those mentioned above; and non-mental health services including mental health medical services, educational services, vocational counseling and rehabilitation, and protection and advocacy. 100% of funds are set aside for discretionary activities.

C. CASH MANAGEMENT

These funds are earned/reimbursed based on the following:

1. Funds are earned through the NCTracks based on allowable activities provided by the entity receiving the funds, and/or

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

2. Funds are reimbursed based on actual expenditures incurred and certified by the LME/MCO, or
3. Funds are reimbursed based on actual expenditures incurred and certified by the contractor.

The N. C. DHHS Controller's Office is responsible for submitting a SF-425 Financial Status Report to the Federal Grants Management Officer for documentation of federal funds expended, according to the N. C. DHHS Cash Management Policy.

E. ELIGIBILITY

Eligibility for these *SAMHSA Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbance* is statutorily limited to states and territories, governmental units within political sub-divisions of states, and federal recognized American Indian/Alaska Native (AI/AN) tribes and tribal organizations.

North Carolina's grant services eligibility is for children under age 22 with a diagnosed serious emotional disturbance, serious behavioral disorder, or serious mental disorder.

North Carolina's grant has a special emphasis on target populations that include **(1)** youth at high risk for placement in residential services, mental health crisis units and emergency departments, **(2)** minority populations, **(3)** children in foster care, and **(4)** children with exposure to trauma and losses.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Grant prohibits use of funding on certain telecommunications and video surveillance services or equipment.

Equipment Management

This requirement refers to tangible property that has a useful life of more than one year and costs of \$5,000 or more. Such equipment may only be purchased per the conditions of the approved contract or grant agreement. Should the contract be terminated, any equipment purchased under this program shall be returned to the Division.

Real Property Management

This requirement does not apply at the local level.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching

Non-federal matching funds are required for this program under Section 520E-2 of the Public Health Service Act, as amended and Section 9031 of the 21st Century Cures Act, 42 U.S.C. 201. Recipients must provide matching non-federal funds (directly or through donations from public or private entities) towards the costs of activities carried out with the grant and other activities by the institution to reduce mental health and substance use disorders. These matching funds must meet the same test of allowability as costs charged to federal grants.

For the first, second, and third fiscal years of the grant North Carolina must provide at least \$1 of non-federal funds for each \$3 of Federal funds; and for the fourth fiscal

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

year of the grant North Carolina must provide at least \$1 of non-federal funds for each \$1 of Federal funds.

Level of Effort

Organizations receiving Federal Funds may not exceed 100% level of effort for any program staff member (Key Personnel or otherwise) across all federally funded sources. Any changes to Key Personnel including level of effort involving separation from the project for any continuous period of three months or longer, or a reduction in time dedicated to the project of 25% or more requires prior approval and must be submitted as a post award amendment in eRA Commons.

Earmarking

Not applicable.

H. Period of Performance

This is a four-year grant that allows a maximum budget of \$3 million/year.

Start Date 9/30/2023 – End Date 09/29/2027.

SAMHSA expects grant recipients to plan their work and ensure that funds are expended within the 12-month budget period reflected in the Notice of Award.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

As part of the State contracting process, Contractors are required to complete federal certification forms attesting compliance with the rules below.

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the NCDHHS) are required to conform to 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 NCDHHS) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, accessible at:

<https://www.doa.nc.gov/divisions/purchase-contract/procurement-rules>

Nongovernmental sub-recipients shall maintain written procurement policies that are followed in procuring the goods and services required to administer the program.

Suspension and Debarment

All grantees awarded contracts utilizing Federal dollars must be in compliance with the provisions of Executive Order 12549, 45 CFR Part 76 and Executive Order 12689.

J. Program Income

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

Use of program income – Additive: Recipients will add program income to funds committed to the project to further eligible project objectives. Sub-recipients that are for-profit commercial organizations under the same award must use the deductive alternative and reduce their subaward by the amount of program income earned.

L. REPORTING

SAMHSA grant requirements include the following:

- Submission of North Carolina Behavioral Health Disparity Impact Statement (per SAMHSA grant requirements) by November 29, 2023. Recipient is required to submit updates.
- Program Reporting: In addition to updates on the above DIS, annual progress reports (including SAMHSA requested information) are to be submitted. These reports are to be submitted via the View Terms Tracking Details in eRA Commons.
- Expenditure Reports: The (SF-425) Federal Financial Report is required by SAMHSA, Division of Grants Management 90 days after the end of each 12-month period and 90 days after the final 12-month period.

Additionally, grant recipients are required to collect and report in SAMHSA's Performance Accountability and Reporting System (SPARS) two types of data: one data set [Infrastructure Development, and Mental Health Promotion (IPP)] are reported on a quarterly basis; data set is for the National Outcome Measures (NOMs) and data are collected and baseline (i.e., upon entry of each client into the project), at six-month follow-up a discharge. SPARS training and technical assistance is provided by SAMHSA.

M. SUBRECIPIENT MONITORING

Monitoring is required if the agency disburses or transfers any State funds to other organizations, except for the purchase of goods or services. If the agency disburses or transfers any pass-through federal funds received from the State to other organizations, the agency shall require such organizations to comply with the applicable requirements of 2 CFR Part 200.331. Accordingly, the agency is responsible for monitoring programmatic and fiscal compliance of subcontractors based on the guidance provided in this compliance supplement.

N. SPECIAL TESTS & PROVISIONS

Matching contributions must meet the same test of reasonableness, allowability, and allocability as costs charged to federal grants.

Audit Objectives

- a. To ensure that the identified state funds are being used to match the federal funds for the grant.

NC SYSTEM OF CARE EXPANSION: FOCUS ON GOVERNANCE DEVELOPMENT AND HIGH-FIDELITY WRAPAROUND Program

- b. To ensure compliance with all federal and State policies, laws and rules that pertain to this fund source and/or to the contract/grant agreement.

Suggested Audit Procedures

- a. Review two non-consecutive DCFW Payment to Vendor reports to see payments from the identified state account and two LME/MCO Financial Statement Reports to see the reimbursements from the grant funds for services.
- b. Review LME/MCO allocation letters to identify any special requirements, and verify that the requirements were met.