

APRIL 2024

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**MATERNAL, INFANT AND EARLY CHILDHOOD HOME
VISITING GRANT**

State Project/Program: HEALTHY FAMILIES AMERICA HOME VISITING

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 Child and Family Well-Being**

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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 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 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.

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

This compliance supplement must be used in conjunction with the OMB 2024 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 this agreement addendum is to provide funding for the implementation of the Healthy Families America (HFA) program through the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program. HFA has shown substantial and consistent results related to improved child and maternal health, child abuse and neglect reduction, crime reduction, and school readiness. The HFA program will work with its clients to achieve:

- Improved pregnancy outcomes by helping women engage in preventive health practices including obtaining prenatal care, improving diet and nutrition, and reducing the use of tobacco, alcohol, and other substances;
- Improved child health and development by helping parents provide responsible, competent, and nurturing care; and
- Improved economic self-sufficiency of the family by helping the parents develop a vision for their future including planning future pregnancies, continued education, and employment.

II. PROGRAM PROCEDURES

HFA is administered by the North Carolina Department of Health and Human Services (DHHS) Division of Child and Family Well-Being (DCFV), Whole Child Health Section (WCHS).

The Contractor shall for families at risk and who meet the eligibility requirements:

1. Maintain accreditation as an HFA program through the HFA National Office.
2. Maintain policies and procedures which provide:
 - a. Staffing patterns for Family Support Workers (FSW), including expected caseload per county, office space, plans for supervision, and data collection for the team;
 - b. The method for each county to follow for referring all HFA-eligible families, as determined by the screening and initial assessment tool, to the HFA program
3. Assure that FSWs are appropriately oriented to the counties or counties' family resources that are available where they work, including within the Lead Implementing Agency (LIAs) and other community agencies.
4. Implement and administer the HFA program with model fidelity by:
 - a. Maintaining a staff to implement the program with model fidelity.
 - b. Ensuring that the FSW and Family Assessment Workers (FAW) hired for implementation meet the minimum education, background, and experience required by the Best Practice Standards of the HFA National Office.

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- c. Assuring that the Program Manager meets the minimum education, background, and experience required by the HFA program, which requires a baccalaureate degree for the supervisor position.
 - d. Completing all required HFA core training requirements within six months of the hiring date for all program staff hired and contracted during the service period of the contract. Training will be provided by the HFA State Consultant or another HFA-approved trainer.
 - e. Maintaining resource and referral systems, including primary health care, mental health services, employment assistance, childcare, alcohol, or other drug treatment, and both formal and informal support services, that are kept current and made accessible to the HFA staff.
 - f. Conducting a minimum of one outreach activity each quarter to educate community partners (other early childhood serving agencies and providers) on the HFA program.
5. Enroll and serve eligible families on the various service levels (or provide justification to DCFW on barriers to enrollment) in the HFA program during the service period of the contract. FSWs shall carry a caseload of no more than 25 families at any given time.
- a. Provide home visits to enrolled participants per the HFA model and with the prescribed frequency and duration: weekly visits for at least the first six months after the child's birth or after enrollment if the family enrolls after the infant is born; visits after this time period may be less frequent. Home visits should, at a minimum, last one hour.
6. Participate in ongoing MIECHV program activities, including:
- a. Ongoing training and technical assistance determined by the NC MIECHV program to be necessary for service provision. Training and technical assistance may include training in model elements, data collection, early childhood cross-model competencies, implementation science, and quality improvement, and will be provided in-person, by telephone, online webinars, and/or written communication.
 - b. State-sponsored annual training and conferences, including two NC MIECHV Program site meetings facilitated by the NC MIECHV program team.
 - c. Data collection for federally mandated MIECHV benchmarks by collecting and reviewing data using software approved by NC MIECHV. Data collection is to be entered no later than two business days after each home visit. Data submissions will be overseen by the NC MIECHV program, which will support LIA efforts to ensure data quality.
 - 1. Data specified by the state and model developer must be collected for the families who receive services funded through the contract.
 - 2. Each benchmark area required by the federal funding includes multiple constructs. The LIAs must collect data for all constructs under each benchmark area.
 - 3. In addition to the reporting requirements for each benchmark area, the LIAs must collect individual-level demographic and service-utilization data on the participants in their program as necessary to analyze and understand the progress children and families are making.

4. The LIAs will work with NC MIECHV to use appropriate software for data collection. NC MIECHV will provide the LIAs with technical assistance to ensure data collection software meets the LIAs needs.
5. The LIAs will follow its established plan for data safety and monitoring, including the privacy of data, administration procedures that do not place individuals at risk of harm, and compliance with appropriate regulations related to institutional review boards, human subject protections, Health Insurance Portability and Accountability Act (HIPAA), and Family Educational Rights and Privacy Act (FERPA). The LIAs must provide training for all relevant staff on these topics.
6. Participation in federally mandated Continuous Quality Improvement (CQI) efforts by developing, maintaining, and implementing a local CQI structure, participating in all required CQI training sessions, and completing a CQI project designed to meet local program needs.
7. Submit copies (PDF files by email) of all monthly expenditure receipts and invoices including payroll expenses to substantiate the previous month's billing within 30 days from completion of each monthly reporting period to maintain funding status. Failure to submit the required documentation could result in a reduction of funding.

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 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, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	N	Y	Y	Y	Y	Y	Y

A. Activities Allowed or Unallowed

Healthy Families America Home Visiting funds may be used to provide direct client services.

Allowed

Salaries and operating to support the project according to model fidelity per the HFA purveyor.

Unallowed

Funds may NOT be used to supplant existing services supported by federal, State or local funds.

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 followed 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 of the 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

Services are provided to any high-risk family living in a community served by a Healthy Families America program that meet the program eligibility criteria.

Audit Objectives – To determine that the clients enrolled in the program meet eligibility requirements.

Suggested Audit Procedures – Review the program eligibility requirements in the home visiting model elements or program guide and pull random client records and compare enrollment to eligibility requirements.

H. Period of Performance

Compliance Requirements – State awards may specify a time 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.

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.

J. Program Income

Client and third-party fees collected by the local provider from the provision of maternal and child health services must be used to expand, maintain or enhance those services in either the year in which they were earned or a subsequent fiscal year. (10A NCAC 43B .0105).

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

- Collect and enter data into an appropriate data management platform on program implementation and outcomes for participants (mothers and babies enrolled in the program) as required by the contract. Information collected include characteristics of clients (including when they enroll in the program during their pregnancies) to ensure the target population is being reached; frequency, content and duration of client visit information to ensure appropriate service provision; and maternal and child outcomes such as substance use during pregnancy, birth outcomes, breastfeeding, immunizations, subsequent pregnancies, child development indicators and maternal workforce and school involvement. This data collection will be used for the funding benchmarks.
- Provide an annual accounting of actual program fiscal expenditures, program revenues (if applicable), and other sources of funding for the program including in-kind contributions.

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

This refers to the requirement that a pass-through entity perform various monitoring activities, such as reviewing reports submitted by the subrecipient, performing sites visits to the subrecipient to review financial and programmatic records and observe operations, arranging for agreed-upon procedures engagements for certain aspects of subrecipient activities, such as eligibility determinations, reviewing the subrecipient's single audit or program-specific audit results and evaluating audit findings and the subrecipient's corrective action plan. This applies when awards are passed through to a subrecipient. If the entity is not a pass-through entity, this requirement does not apply.

N. Special Tests and Provisions

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 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.