

APRIL 2023

93.889

**NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS
PROGRAM**

**State Project/Program: NORTH CAROLINA HEALTHCARE PREPAREDNESS
PROGRAM**

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: Public Health Service Act, Section 319 (c)-2

State Authorization: None

**North Carolina Office of Emergency Medical Services
Division of Health Service Regulation**

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SFY 2023 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 2022-2023). 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 (State Fiscal Years 2021-2023).”

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.

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This compliance supplement must be used in conjunction with the OMB 2023 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

In the aftermath of the terrorist attacks in September 2001, the State Health Director requested the use of state emergency funds to address the public health threat of Bioterrorism in North Carolina. By January 2002, the Governor's Terrorism Task Force had approved all aspects and funding for the Division of Public Health (DPH) "Bioterrorism Risk Reduction and Response Plan".

Beginning in September 2001, agencies combined efforts to identify and reduce the gaps in the treatment and response phase of a terrorist event. The primary agencies that continue this effort are from the N. C. Department of Health and Human Services and include the Division of Health Service Regulation, Office of Emergency Medical Services (OEMS) and the Division of Public Health – Epidemiology & Communicable Disease; and the Department of Public Safety is represented by the Division of Emergency Management. These agencies comprise the management system responsible for coordinating a disaster response, ensuring that treatment and prevention strategies, as well as disease surveillance and medical preparedness, are implemented.

The scope of the grant has become broader to include not only preparedness for a terrorist attack but also other disasters such as pandemic flu, inclement weather, explosives and natural disasters such as earthquakes. The goal of this effort is to assure the citizens of North Carolina that when a disaster occurs in North Carolina, they will be able to get the medical care services they need to protect their health and prevent the further spread of disease and/or an exposure. Priorities include enhancing disease monitoring and investigation systems, improving communications capabilities among health agencies, improving the medical response capacity within the State Medical Response System and expanding the member participation in the Healthcare Coalitions.

The objectives of the National Hospital Preparedness Program (HPP) include the building of a state, regional and local infrastructure for response to disasters, provision of federal funds and support to local healthcare organizations and emergency response partners through eight (8) regional Healthcare Coalitions to prepare for disasters and to comply with all requirements of the 2017-2022 Healthcare Preparedness and Response Capabilities of the National Hospital Preparedness Program as specified by the U. S. Department of Health and Human Services, Administration for Strategic Preparedness and Response. In addition, funds are allocated for planning and response activities related to the Covid-19 pandemic. The same program procedures for HPP funding are used for Covid-19 funding.

II. PROGRAM PROCEDURES

The Federal HPP is administered by the Administration for Strategic Preparedness and Response (ASPR), a Staff Division of the U.S. Department of Health and Human Services. Starting in FY 2012, the HPP program aligned with the Public Health Emergency Program (CFDA 93.069, which is administered through the Centers for Disease Control and Prevention (CDC). The State Healthcare Preparedness Program is administered through the NC Department of Health and Human Services, Division of Health Service Regulation, Office of Emergency Medical Services.

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The Office of Emergency Medical Services prepares a Healthcare Preparedness Program Grant Application each year to address the scope of the program and outline State, regional and local grant activities. The Grant application is developed by a group of staff specialists and reviewed by the Department of Health and Human Services staff prior to submission to the USDHHS, Administration for Strategic Preparedness and Response (ASPR) for review.

The Office of Emergency Medical Services primarily awards grant funds through written contracts that reflect the requirements for compliance with the grant and OEMS guidelines. Therefore, the contract document should be the main source of guidance for a compliance audit.

In addition, OEMS staff develops grant/contract guidance for use by eight lead hospitals that are awarded contracts through a regional application process that includes hospitals, EMS systems and other healthcare organizations in each Healthcare Coalition. OEMS develops a funding formula that determines the allocation of funding available to each lead hospital in preparing their grant application. Each of these hospitals provides oversight to their regional area. The individual Healthcare Coalition develop their grant application/workplan following the guidance provided and address each of the capabilities that are included in the grant guidance. Funds may be used for a variety of activities to prepare agencies in responding to a terrorist event or other manmade or natural disasters.

Throughout the grant period, OEMS is available to provide technical support or other assistance as needed to ensure successful implementation of the grant initiatives.

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III. COMPLIANCE REQUIREMENTS

Below on the matrix are the types of compliance requirements are applicable to the federal program, noted as “Y,” as determined by the federal granting agency if the federal program is listed in Part 2 of the OMB 2023 Compliance Supplement. A State agency may have added a Type. If the program is not listed in Part 2, the State Agency has determined the applicable Types. If a Type, applicable by OMB, does not apply at the local level or if the State has modified the federal requirements at the local level, this should be explained in the supplement under the Type. A Type that is not applicable at the local level is noted by “N.”

If a particular Type is noted as “Y,” the auditor must determine if the Type has a direct and material effect on the federal program for the auditee. For each Type of compliance requirement, the auditor must use the OMB 2023 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.

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	Y	Y	Y	Y	Y	Y	N

A. Activities Allowed or Unallowed

Activities/services described in Section I, Program Objectives, are allowable activities of the Hospital Preparedness Program. The Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (Public Law 107-188) enacts Section 319C-2 of the Public Health Service Act (42 USC. 247d-3b), as amended by the Pandemic and All-Hazards Preparedness Act of 2006 (Pub. L. No. 109-417), which supports activities related to countering potential terrorist threats and other potential disasters to civilian populations.

Funds can be expended for a number of activities including but not limited to the following capabilities: Foundation for Health Care and Medical Readiness, Health Care and Medical Response Coordination, Continuity of Health Care Service Delivery, and Medical Surge.

Under no circumstances may the ASPR HPP grant be charged for costs that are demonstrably outside the scope of the Healthcare Preparedness Program. In general, funds may not be expended except for those items specified in the approved grant application or subsequent approved revisions on file both at the grantee’s business location and the OEMS central office.

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B. Allowable Costs/Cost Principles

Costs must be reasonable and necessary for the performance and administration of the award/grant and be allocable to the activity.

Costs in the application budget are allowable costs of the Healthcare Preparedness Program Grant. Expenditures are limited to those outlined in the approved budget of the application. OEMS has adopted the Federal allowable cost principles 2 CFR 200 (Uniform Guidance) subpart E for the determination of allowable costs applicable for this program, which is available at the Electronic Codes of Federal Regulations website http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl.

An annual contract between OEMS and the grantees outlines other programmatic and fiscal requirements.

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

Grantees receive funding under the Hospital Preparedness Program on a cost reimbursement basis. Accordingly, program costs must be paid for by the grantee before reimbursement is requested from OEMS. Therefore, there is no testing required at the local level for Cash Management.

E. Eligibility

Eligibility requirements and determinations are unique and based on the specific contract and regional guidelines for participation and funding. Some of the requirements are as follows:

Hospitals, EMS agencies, local public health agencies and other local organizations must participate as an active stakeholder in the Healthcare Coalition as required per regional membership guidance. Participation may include activities such as attending Healthcare Coalition regional meetings, assisting with the development of and participation in Healthcare Coalition trainings and exercises, participating in local and regional disaster response, etc.

F. Equipment and Real Property Management

All equipment purchased with the Healthcare Preparedness Program funds must be properly maintained and inventoried per federal and state grant guidance. This equipment and property must be to support the intent of the federal and state grant priorities. Specific procedures for equipment purchases, inventory controls and dispositions are stated in the contract document, grant award and grant guidelines.

G. Matching, Level of Effort, Earmarking

The Healthcare Preparedness Program does have a non-federal matching requirement of 10% of the grant award. The matching requirement is met through allowable costs

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incurred by OEMS and the Healthcare Coalition lead hospital contracts. Level of effort and earmarking do not apply to this grant.

H. Period of Performance

Federal funds are available for expenditure by grantees during their approved contract period or approved extension through a contract amendment with OEMS.

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 to federal agency codifications of the grants management common rule accessible on the Internet at <https://www.whitehouse.gov/omb/management/office-federal-financial-management/>.

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 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.

Non-Federal 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. Procurement and Suspension and Debarment applies any time the non-Federal entity procures goods or services. Suspension and debarment apply to both procurements and subawards.

J. Program Income

Program income generated by activities by the Grantee or Sub-Grantee must be recorded and applied to activities that fall within the mission of the Healthcare Preparedness Program. Proposed activities must be approved by the federal grant authority. Sub-Grantee proposed activities must be approved by the Office of Emergency Medical Services.

L. Reporting

Most contractors are required to submit monthly contract expenditure and progress reports in addition to other reporting requirements as required in the contract. 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 are included in the contract as an attachment entitled "Notice of Certain Reporting and Auditing Requirements".

M. Subrecipient Monitoring

Subrecipient contractors may enter into a contractual agreement for specialty services or equipment purchases with a subcontractor. If this occurs, it is the responsibility of the subrecipient contractor to perform adequate subgrant monitoring of their contracts following their contract monitoring plan. Contractor subrecipient monitoring is reviewed during NC OEMS contractor monitoring site visit(s) and contractor must show evidence of a current contract monitoring plan.

The HPP Grants Coordinator and HPP Budget Officer or designee for NC OEMS will schedule and conduct a minimum of one Contract Monitoring Site Visit in accordance with the current edition of the Department of Health and Human Services, Division of Health Service Regulation, Office of Emergency Medical Services Contract Monitoring Plan.