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BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES

State Project/Program: **EDUCATION SERVICES IN PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES**

Federal Authorization Section 516 of the Public Health Service Act, Public Health Service Act, Title XIX, Part B, Subpart II, as amended, Public Law 102-321; 42 U.S.C. 300x; and 45 CFR Part 96

State Authorization: Session Law 2014-100 (Senate Bill 744, Section 8.39)

**N. C. Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

Agency Contact Person – Program

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Address Confirmation Letters To:

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 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>

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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.

EDUCATION SERVICES IN PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES

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:

The purpose of this program is to provide funds to Psychiatric Residential Treatment Facilities (PRTF) for the provision of educational services as required by S.L. 2014-100 (S744). There are currently 15 parent PRTF agencies that are eligible to receive funding per this legislation. They serve approximately 1,000 children a year in 28 different sites.

There is much variability in the quality and quantity of educational services provided to children in PRTFs. Standardization of and adherence to the minimal instructional requirements within PRTFs is needed to ensure that the educational needs of these children are met. These students are often at increased risk for poor academic, occupational and social outcomes. With improved educational instruction while in the PRTF, these students have increased chances to successfully transition back to their home school districts and have academic and occupational success.

All grantees are required to comply with the NC Department of Health and Human Services and DMHDDSAS records retention schedules and policies. These include Functional Schedule for State Agencies, Records Retention and Disposition Schedule – DMH/DD/SAS Local Government Entity (APSM 10-6), Records Retention and Disposition Schedule - DMH/DD/SAS Provider Agency (APSM- 10-5) and the DHHS Records Retention and Disposition Schedule for Grants.

Senate Bill 744 2014-100 Appropriations Act of 2014 states the following:

To the extent that funds are available in the Department of Public Instruction for the delivery of educational services in PRTFs as provided in this Part, those funds shall be transferred to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS). The funds transferred for the purchase of educational services within the PRTF shall not be allocated to LME/MCOs but shall be held in reserve at the DMH/DD/SAS. The DMH/DD/SAS shall use the reserve funds to pay for educational services authorized by the Department of Public Instruction and billed by the PRTFs in a process established by the DMH/DD/SAS. The funds transferred to the DMH/DD/SAS pursuant to this section shall be allocated to the PRTFs for educational services in a manner determined by the Department of Health and Human Services and the Department of Public Instruction in a Memorandum of Understanding or a Memorandum of Agreement. The Department of Health and Human Services shall disburse for these purposes only those funds transferred from the Department of Public Instruction.

II. Program Procedures:

S.L.2014-100(s744) states: "To the extent that funds are allocated and available to the Department of Public Instruction for the delivery of services, those funds shall be transferred to the DMH/DD/SAS. The DMH/DD/SAS shall contract with approved agencies for educational services in a manner determined by the Department of Health and Human Services and the Department of Public Instruction in a Memorandum of Agreement. "

EDUCATION SERVICES IN PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES

In addition, to be eligible for funding, the PRTF must be licensed by The Department of Health Services Regulation (DHSR) as a PRTF and have an Exceptional Children's Education Program that is approved by the Department of Public Instruction (DPI), and a school that is registered with the Division of Non-Public Education. Failure to meet these criteria can result in termination of funding. DHHS contracts with each parent agency for services on an annual basis. Programs submit monthly Financial Status Reports for reimbursement of approved expenses.

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, Embarking	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	N

A. ACTIVITIES ALLOWED OR UNALLOWED

- Funds are only used for the provision of educational services for children in North Carolina Psychiatric Residential Treatment Facilities. Costs including education personnel, school supplies, textbooks, curricula, classroom furnishings, and other approved educational expenses are permitted.

B. ALLOWABLE COSTS/COSTS PRINCIPLES

- a. 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 and in 2 CFR, Part 200 Subpart E – Cost Principles.)

C. CASH MANAGEMENT

These funds are reimbursed based on the contracted funds:

1. Funds are paid through submission of the Financial Status Report, Consumer Assistance Log, Outreach Log and receipts/supportive documentation monthly per the approved budget and budget narrative, match budget narrative and budget narrative if applicable. Reporting of the services delivered to eligible recipients is submitted quarterly.
2. Funds are settled on a reimbursement basis per expenditures.
3. Verify this from submission of program expenditures that are submitted monthly.

The 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 DHHS Cash Management Policy.

E. ELIGIBILITY

Providers are eligible based on the following:

1. Licensed as a Psychiatric Residential Treatment Facility by the Division of Health Services Regulation.
2. Have Exceptional Children's Program approval by the NC Department of Public Instruction.
3. The PRTF has a school registered with the Office of Non-Public Education.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

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. Shall the contract be terminated, any equipment purchased under this program shall be returned to the Division.

Real Property Management

This requirement does not apply to DMH/DD/SAS contracts.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

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 comply with the procurement guidelines found in 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards which can be accessed at:

<https://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>

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 <https://ncadmin.nc.gov/media/13893/open>.

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 follow the provisions of Executive Order 12549, 2 CFR 200, 45 CFR Part 75 and Executive Order 12689.

L. REPORTING

1. Contracted Provider submits the Financial Status Report, Consumer Assistance Log, Outreach Log, Outcome report and supportive documentation/receipts for review.
2. Contracted Provider submits supportive documentation/receipts for costs meeting the match requirement.

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 and the audit procedures outlined.