

**93.959-2**

**BLOCK GRANTS FOR PREVENTION AND TREATMENT OF  
SUBSTANCE ABUSE**

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**State Project/Program: SUBSTANCE ABUSE PREVENTION**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION**

**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:** NC General Statutes 122C; Developmental Disabilities, and  
Substance Abuse Act 1985

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

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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 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](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  
non-governmental entities receiving financial  
assistance from DHHS are found at the same  
website except select “Non-Governmental Audit  
Confirmation Reports (State Fiscal Years 2021-  
2023)”

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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

#### **Substance Abuse Primary Prevention**

The definition of Primary Prevention Programs is those programs and services that are directed at individuals who have not been determined to require treatment for substance misuse. The terminology of universal, selective, and indicated (IOM model) is used for this designation.

#### **Universal -**

A Universal prevention strategy addresses the entire population to prevent or delay the use of alcohol, tobacco, and other drugs.

#### **Selective -**

Selective prevention strategies target subsets of the total population that are deemed to be at risk for substance misuse by virtue of their membership in a particular population segment – for example, children of adult alcoholics, school dropouts, or students who are failing academically.

#### **Indicated**

Indicated prevention strategies prevent the onset of substance use in individuals who do not meet DSM-V criteria for addiction, but who are showing early danger signs, such as falling grades and consumption of alcohol and other drugs. The mission of indicated prevention is to identify individuals who are exhibiting early signs of substance misuse and other problem behaviors associated with substance misuse and to target them with specialized programs.

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.

The records of the contractor shall be accessible for review by the staff of the North Carolina Department of Health and Human Services and the Office of the State Auditor for the purpose of monitoring services rendered, financial audits by third party payers, cost finding, and research and evaluation.

Records shall be retained for a period of three years following the submission of the final Financial Status Report or three years following the submission of a revised final Financial Status Report. Also, if any litigation, claim, negotiation, audit, disallowance action, or other action involving these funds has been started before expiration of the three-year retention period, the records must be retained until the completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later. The grantee shall not destroy, purge or dispose of records related to these funds without the express written consent of DHHS - DMH/DD/SAS.

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The agency must comply with any additional requirements specified in the contract or to any other performance-based measures or agreements made subsequent to the initiation of the contract including but not limited to findings requiring a plan of correction or remediation in order to bring the program into compliance.

### **II. PROGRAM PROCEDURES**

#### **Substance Abuse Primary Prevention**

1. **Information Dissemination:** (Maximum of 12% of time)

This strategy is characterized by one-way communication from the source to the audience, with limited contact between the two. Examples include:

- a. Clearinghouse/information resource center(s);
- b. Resource directories;
- c. Media campaigns;
- d. Brochures;
- e. Radio/TV public service announcements;
- f. Speaking engagements;
- g. Health fairs and health promotion, e.g., conferences, meetings, seminars; and
- h. Information lines/Hotlines.

2. **Education:** (Maximum of 30% of total time of which at least 60% is spent with universal audiences, a maximum of 35% is spent with selective audiences and a maximum of 5% is spent with indicated audiences)

This strategy involves two-way communication and is distinguished from the Information Dissemination strategy by the fact that there is more interaction between the educator/facilitator and the participants. Examples include:

- a. Ongoing classroom and/or small group sessions (all ages);
- b. Parenting and family management classes;
- c. Peer leader/helper programs;
- d. Education programs for youth groups;
- e. Mentors; and
- f. Preschool ATOD (Alcohol, Tobacco, and Other Drug [use]) prevention programs.

3. **Alternatives:** (Maximum of 3% of time)

This strategy provides activities that exclude alcohol, tobacco and other drug use through the provision of constructive and healthy activities. Examples include:

- a. Drug free dances and parties;
- b. Youth/adult leadership activities;
- c. Community drop-in centers;
- d. Community service activities;
- e. Outward Bound;
- f. Other Recreation activities.

4. **Problem Identification and Referral:** (Maximum of 4% of time)

This strategy aims at the identification of those who have indulged in illegal use of alcohol, tobacco or other drugs in order to assess if their behavior can be reversed through education. This strategy does not include any activity designed to determine if a person is in need of treatment. Examples include:

- a. Employee Assistance Programs;

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- b. Student Assistance Programs;
- c. Driving-while-intoxicated Education programs

5. Community-Based Processes: (Together with Environmental Strategies includes at least 50% of time)

This strategy aims to enhance the ability of the community to more effectively provide substance abuse prevention services. Activities in this strategy include organizing, planning, enhancing efficiency and effectiveness of services implementation, coalition building and networking. Examples include:

- a. Community and volunteer training, e.g., neighborhood action training, training of key people in the system (impactor training), server training
- b. Systematic planning;
- c. Multi-agency coordination and collaboration/coalitions
- d. Accessing services and funding; and
- e. Community team-building.

6. Environmental: (Together with Community Based Processes includes at least 50% of time)

This strategy establishes or changes community standards, codes and attitudes, written and unwritten, thereby influencing the incidence and prevalence of the abuse of alcohol, tobacco and other drugs used in the general population. Examples include:

- a. Establishment and/or review of alcohol, tobacco and drug use policies in schools;
- b. Guidance and technical assistance to communities on ATOD policy enforcement
- c. Modifying alcohol and tobacco advertising practice;
- d. Communication Campaigns to change social norms
- e. Communication Campaigns to increase support for prevention (e.g., policy development and/or enforcement)

7. Synar Amendment Activities: This strategy ensures local community implementation of Synar Amendment activities towards Reducing Youth Access to Tobacco Products by providing a minimum of 48 hours per six-month reporting period per LME/MCO directly towards the following:

1. Community Collaboration-

- a. Identification of Community Partners: Identify and determine the level of interest and involvement of community partners who share the goal of reducing youth access to tobacco products.
- b. Community Leadership: Took the lead in pulling together community partners and local retailers to develop strategies to reduce youth access in your service areas.
- c. Community Education: Provide information on youth access (i.e., laws, penalties) to policy makers, community leaders, youth and civic groups to educate and actively involve them in efforts to reduce youth access to tobacco products. NOTE: Tobacco Purchase Surveys - Report only 7/1/22 - 11/21/22. Do not conduct surveys 11/22/22 - Feb. 2023. Environmental scans (ES) ARE NOT allowable activities. Do not report hours.

2. Merchant Education-

- a. Identification of Tobacco and Vape Retail Outlets: Identify the number and

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location of all tobacco retail outlets including over-the-counter and vending machines in the area(s) served using ECCO retail list. Note: Include your coverage study hours here.

- b. Merchant Education: Contact tobacco retail outlets in your area(s) to ensure that they have received specific information (i.e., Merchant Education Materials) on their responsibilities and youth access laws.
- c. Community Youth Groups Partnership: Partner with local youth/groups to visit tobacco retail outlets in your area(s) to provide information and materials (i.e., postcards, handouts and window decal) on youth access law(s).

### 3. Law Enforcement Related

- a. Promote Local Law Enforcement: Contact officers from your local police or sheriffs' departments to promote increased enforcement of youth access laws. Refrain from contact with law enforcement regarding tobacco purchase surveys from 11/21/22-Feb. 2023.
- b. Assist in implementation of Tobacco Compliance Checks and Retailer Training: Assist local law enforcement/ALE officers to conduct compliance checks and retailer training by participating in any of the following tasks: (Note: SAPTBG funds may not be used for actual enforcement activities.)
  - i. Development of comprehensive list of retail tobacco outlets
  - ii. Provision of incentives for clerks who don't sell tobacco products to minors during enforcement operations
  - iii. Assisting in coordination and recruitment of store employees to participate in retailer trainings conducted by law enforcement officers. Retailers cited for violations of the youth access to tobacco law(s) will be recruited to attend the training.

### 4. Media and Public Relations

- a. Collaborate with community partners to create media to increase awareness of youth access to tobacco laws and publicize compliance inspections results.
- b. Collaborated with community/youth organizations to conduct a Merchant Pledge Campaign and publicized results to recognize merchants and clerks who have pledged not to sell tobacco products to minors.

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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.

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross Cutting Requirements	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	N	Y	Y	Y	N	Y	N	Y	Y	Y

#### A. ACTIVITIES ALLOWED OR UNALLOWED

##### Substance Abuse Primary Prevention

Programs should include activities and services provided in a variety of settings that address specific risk factors and that may be broken down by age, race/ethnicity, gender, and other characteristics of the population being served. (SAMHSA, 45 CFR Part 96, March 31, 1993).

Unallowed activities in SAPTBG primary prevention programs are any activities that are provided to clients who have a diagnosis of substance abuse, use or dependence.

#### 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. (Note: Pending the change in reference from OMB Circular A-87 to 2 CFR, Part 200 Subpart E – Cost Principles.)

Certain expenditures are considered non-allowable and are not included in the cost allocation. Fixed assets and moveable assets costing \$5,000 or more must be reported on the cost finding report as assets. (Moveable assets costing less than \$5,000 may be directly expensed.)

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For the Substance Abuse Prevention and Treatment Block Grant, the following apply except as indicated:

Funds must be expended or earned in accordance with the Performance Agreement between the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) and the LME/MCO, including amendments via individual allocation letters.

Funds designated for substance abuse may be used for planning, establishing, maintaining, coordinating and evaluating projects for the development of more effective prevention and treatment programs and activities to deal with substance abuse (42 U.S.C. 300x-3(a)(1) 1989 Revision).

### **E. ELIGIBILITY**

#### **Substance Abuse Primary Prevention Programs**

In accordance with the Substance Abuse Prevention and Treatment Block Grant regulations, 45 CFR Part 96, Subpart L, any program earning or expending these funds for substance abuse primary prevention services shall provide such services for individuals who do not have a diagnosis of substance abuse, use or dependence and who do not require treatment for substance abuse in accordance with the definition and strategies for primary prevention programs outlined below and shall:

- a. provide programs for individuals who do not require treatment for substance abuse;
- b. educate and counsel the individuals on such abuse;
- c. provide for activities to reduce the risk of such abuse by the individuals;
- d. give priority to programs for populations that are at risk of developing a pattern of such abuse; and
- e. ensure that programs receiving such priority develop community-based strategies for prevention of such abuse, including strategies to discourage the use of alcoholic beverages and tobacco products by individuals to whom it is unlawful to sell or distribute such beverages or products.

The definition of Primary Prevention Programs are those programs and services that are directed at individuals who have not been determined to require treatment for substance abuse. Comprehensive primary prevention programs should include strategies to give priority to target population sub-groups that are at risk of developing a pattern of substance abuse.

### **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. 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:** This requirement does not apply at the local level.

**Level of Effort:** Block grant funds allocated shall be used to supplement and increase the level of State, local and other non-federal funds and shall, in no event, supplant such State, local and other

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non-federal funds. If block grant funds are reduced, the LME/MCO may reduce its participation in a proportionate manner.

**Earmarking:** Each LME/MCO shall designate and expend no less than 20% (twenty percent) of the LME/MCO's total SAPTBG funding\* for the provision of substance abuse primary prevention services and shall maintain adequate fiscal and programmatic records of such expenditures for SAPTBG reporting purposes. (\*this amount excludes any SAPTBG Cross Area Service Program funds designated for special populations)

### 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 Purchasing Manual accessible on the Internet at:

[http://www.pandc.nc.gov/documents/Procurement\\_Manual\\_5\\_8\\_2013\\_interactive.pdf](http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf)

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.

### L. REPORTING

#### **Substance Abuse Primary Prevention Programs**

Each LME/MCO is required to semi-annually submit to the Division the "Local Management Entities/Managed Care Organization Report of SAPTBG 20% Set-Aside Funds for Substance Abuse Primary Prevention Programs" to provide an accounting of the expenditure of funds for Substance Abuse Primary Prevention Programs in an amount equal to or greater than 20% of the total SAPTBG funds allocated to the LME/MCO. This reporting is done by the LME/MCOs via the Semi-Annual and Year-End compliance reports.

These funds are disbursed on a reimbursement basis. 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. Financial Status Reports (FSR) will be submitted by the 10<sup>th</sup> of the month. Quarterly reports on the deliverables in the contract are also required.

#### **Progress and Financial Reports (Contract Reporting):**

- Grantees must provide semi-annual and annual progress reports. The final progress report must summarize information from the semi-annual reports, describe the accomplishments of the project, and describe next steps for implementing plans developed during the grant period.
- Grantees must provide quarterly and final Financial Status Reports (FSRs).



### 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. The grantee shall require such organizations to file with it similar reports and statements as required by G. S. §143C-6-22 and 6-23. 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 in the DMH-0 Crosscutting Supplement.

### N. SPECIAL TESTS AND PROVISIONS

#### Audit Objectives

- a. To ensure compliance with the DHHS and DMH/DD/SAS records retention schedules and policies.
- 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. Verify that records related to this fund source are in compliance with DHHS-DMH/DD/SAS record retention schedules and policies;
- b. Review contract/grant agreement, identify any special requirements; and
- c. Verify if the requirements were met.
- d. Verify that the Conflict of Interest declaration is signed AND that there are no overdue tax debts at the federal, State or local level as required below.

#### Conflicts of Interest and Certification Regarding 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 effective 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) 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)).

G. S. 143C-6-23(b) stipulates that every grantee shall file with the State agency disbursing funds to the grantee a copy of that grantee's policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee's employees or members of its board or other governing body, from the grantee's disbursing of State funds, and shall include actions to be taken by the grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the grant funds.

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.