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MEDICAL ASSISTANCE

State Project/Program: NORTH CAROLINA CHILD TREATMENT PROGRAM (NC CTP)

Federal Authorization: Medicaid State Plan approved under Title XIX of the Social Security Act. Authorized under section 6008 of the Families First Coronavirus Response Act (FFCRA) of 2020, as amended by section 5131 of subtitle D of title V of division FF of the Consolidated Appropriations Act, 2023 (CAA, 2023) (P.L. 17-328), enacted December 29, 2022. Until March 31, 2023, section 6008 of the FFCRA provided a temporary increase of 6.2 percentage points in the federal medical assistance percentage (FMAP) determined under section 1905(b) of the Act for each state that met conditions specified in section 6008 of the FFCRA (as that section was worded prior to the changes made by the CAA, 2023).

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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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.

I. PROGRAM OBJECTIVES

The North Carolina Child Treatment Program is a program of the Center for Child & Family Health (CCFH). It was founded as a pilot in 2006 as an implementation platform for the statewide dissemination of Trauma-Focused Cognitive Behavioral Therapy (TF-CBT). Specifically, the platform was developed to address complex behavioral and emotional difficulties among children 3-18 years of age, following psychological trauma. From October 2013 through June 2015, the scope of training provided by NC CTP increased from one evidence-based child trauma treatment model for children 3-18 years of age (TF-CBT) to a total of four evidence-based treatment models. The models now embedded within the treatment program platform address issues including attachment difficulties, trauma symptoms, and significant behavioral-emotional challenges.

In 2013, the North Carolina General Assembly granted a \$1.8 million annually recurring appropriation to the Division of Mental Health/Developmental Disabilities/Substance Use Services to contract with NC CTP to support program infrastructure, activities, and the expansion of the child mental health service array in partnership with State, LME/MCO, and private sector leadership. This investment is intended to significantly increase the array of child/youth providers available across the state to provide evidence-based services across North Carolina.

II. PROGRAM PROCEDURES

Beginning with Senate Bill 402-Ratified Session Law 2013-360, Section 12F.3. (a). Recurring funds of \$1.8 million annually were appropriated to the DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMHDDSUS), for the North Carolina Child Treatment Program (NC CTP). These funds are intended to be used:

- 1) To provide clinical training and coaching to licensed Medicaid clinicians on an array of evidence-based treatments and to provide a statewide platform to assure accountability and outcomes.
- 2) To maintain and manage a public roster of program graduates, linking high-quality clinicians with children, families, and professionals.
- 3) To partner with State, LME/MCO, and private sector leadership to bring effective mental health treatment to children in juvenile justice and mental health facilities.
- 4) All grantees are required to comply with the Department of Health and Human Services Records Retention and Disposition Schedule for Grants and with the *Division of Child and Family Well-Being* records retention schedules and policies (i.e., Records Retention and Disposition Schedule for DCFW Provider Agencies – APSM 10-5 and Records Retention and Disposition Schedule for Local Management Entities – APSM 10-6). Financial records shall be maintained in accordance with established federal and State guidelines.
- 5) The records of the grantee 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.
- 6) 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 DCFW.

- 7) 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.

As of Session Law 2023-134 (HB 259), these recurring funds are now appropriated to DHHS, Division of Child and Family Well-Being (DCFW). A mixture of providers who accept Medicaid and private providers who do not participate in the training cohorts. As of 2023, the Department includes Medicaid funding to cover the administrative share of the cost of training the Medicaid providers. NC CTP estimates that yearly percentage of clinicians trained who accept Medicaid is approximately 70%, based on 10 months of data calculated in the spring of 2023. The percentage varies by quarter and year depending on which evidence-based treatment training is offered and the predominant settings in which providers work. For example, when training clinicians who work primarily in school districts, 30-40% of a cohort might be clinicians who do not accept Medicaid. NC CTP will provide DCFW with a monthly statistical report on the ratio of Medicaid to Non-Medicaid providers. DCFW will provide the report to the Office of the Controller so that the NC CTP monthly expenditures can be properly split between the state funding and the Medicaid funding.

The Department establishes a financial assistance contract with the Center for Child and Family Health NC CTP. The contract is managed through the DHHS, Division of Child and Family Well-Being (DCFW). Additionally, there is a Memorandum of Agreement established between DHHS, Division of Health Benefits (DHB) and DCFW regarding the administrative activities required of the two Divisions to support the program.

The funds are used to contract with NC CTP. NC CTP is responsible for the administration of the program including establishing subcontracts with the Master Trainers and clinical supervisors and covering the associated costs including for training programs/conferences and maintaining a web-based tool to support training, treatment delivery and monitoring. Specific key activities include the following:

- Access to training and consultation in specific evidence-based treatments for mental health clinicians delivering child- and family-focused trauma treatment services. Specifically, the program offers access to training and consultation in Trauma-Focused Cognitive Behavioral Therapy (TF-CBT), Parent-Child Interaction Therapy (PCIT), Child-Parent Psychotherapy (CPP), and Structured Psychotherapy for Adolescents Responding to Chronic Stress (SPARCS).
- Support of program graduates and community-based agencies in sustained delivery of evidence-based treatments through development of organizational policies, practices, and procedures that track treatment fidelity and client outcomes.
- Support of program graduates in continued learning through development and execution of advanced training opportunities in selecting evidence-based treatments.
- Maintenance of the NC CTP public website, as well as a roster of program graduates, to link children, families, and professionals to trained clinicians in their communities.
- Implementation of post-training rostering requirements.
- Continued development of internal systems that monitor the service delivery patterns and quality indicators of program enrollees relative to symptomatology of clients, adherence to model fidelity, and evaluation of targeted clinical outcomes.
- Maintenance of the TF-CBT Performance and Outcomes Platform (NC POP), to support the program's mission and activities including training, treatment, performance, utilization, outcomes monitoring, and reporting related to this specific intervention.
- Engagement with local and national experts in Implementation Science research, continuous

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quality improvement methods, comprehensive clinical assessment, evidence-based treatment, and clinical coaching/consultation, to effectively inform all stages of the proposed Scope of Work.

Payment Provisions: The Center for Child and Family Health NC CTP submits to the DCFW Contract Administrator, a monthly Contract Reimbursement Request (CRR) for services rendered the previous month by the 10th of each month and, upon approval by DCFW, receive payment within 30 days. Monthly payment shall be made based on actual expenditures made in accordance with the approved budget on file with both parties and reported on the monthly expenditure report submitted by NC CTP. All payments are contingent upon fund availability.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the State agency noted by "Y."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

1	2	3	5	6	7	8	9	10	12	13	14
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	N	Y	Y	N	N	Y	Y	Y	Y	Y

A. ACTIVITIES ALLOWED OR UNALLOWED

Grantees are to complete activities as noted in their contract addenda/scope of work. Each scope of work is different based upon the needs of the specific area served. See individual contract scopes of work for more information.

ALLOWABLE ACTIVITIES

- Training community-based clinical participants using the NC CTP Learning Collaborative training series.
- Support program graduates in continued delivery of evidence-based treatment models. As clinical providers exit their training year with NC CTP, options for continued contact and support, include:
- Clinical information list-serve, monitored by Evidence-Based Practices (EBP)-specific experts and master trainers;
- Telephone-based, EBP-specific clinical consultation (upon request);
- EBP-specific advanced clinical training opportunities;

- f) Clinical auditing services, focusing on EBP-specific clinical competency, fidelity, and service utilization; and
- g) Access to a public roster of EBP-trained peers.
- h) Monitor Service Delivery Patterns of Program Enrollees.
- i) Maintain a roster of high-fidelity Learning Collaborative graduates on public website.
- j) Expansion and continued maintenance of the NC CTP website.
- k) Engage select experts in clinical practice as well as those with extensive expertise in the fields of Implementation Science and community-based mental health services.

Audit Objectives

- a. Determine whether funds were expended only for allowable activities.

Suggested Audit Procedures:

- a. Review contract requirements and determine activities which are allowable for reimbursement.
- b. Sample monthly billings to the DCFW to verify that the activities billed for relate directly to the allowable activities to be reimbursed under the terms of the Contract.

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 and in Part 200 Subpart E – Cost Principles.

Audit Objectives

Determine whether funds expended were allowable and in accordance with the applicable cost principles.

Suggested Audit Procedures

- a. Review contract requirements and determine types of activities which are allowable for reimbursement under the terms of the contract.
- b. Sample monthly billings to DCFW to verify that the costs billed to the DCFW were accurate and relate directly to the allowable activities to be reimbursed under the terms of the contract.

C. CASH MANAGEMENT

This requirement does not apply at the local level.

E. ELIGIBILITY

The fund is used for improving the health and functioning of infants, children, adolescents, and families coping with attachment difficulties, trauma symptoms, and significant behavioral-emotional challenges.

Audit Objectives

- a. Determine whether required eligibility determinations were made (including obtaining any required documentation/verifications), that individual program participants or groups of

participants (including area of service delivery) were determined to be eligible, and that only eligible individuals or groups of individuals (including area of service delivery) participated in the program.

Suggested Audit Procedures:

- a. Select a sample of client records for individuals served under the terms of the contract;
- b. Review client records for documentation that allowed services were provided to individuals of eligible age/disability.

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 \$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

Not applicable at local level.

Audit Objectives

- a. Determine whether the entity maintains proper records for equipment and adequately safeguards and maintains equipment.
- b. Determine whether disposition or encumbrance of any equipment or real property acquired under State awards is in accordance with State requirements and that the awarding agency was compensated for its share of any property sold.

Suggested Audit Procedures

- a. Obtain entity's policies and procedures for equipment management and ascertain if they comply with the State's policies and procedures.
- b. Select a sample of equipment transactions and test for compliance with the State's policies and procedures for management and disposition of equipment.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

None of these is applicable.

H. PERIOD OF PERFORMANCE

This program is ongoing, funded by recurring state funding and Medicaid receipts. No testing required

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

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

The Contractor provides Quarterly Reports of progress toward work plan activities including, but not limited to, learning collaborative activities. Monthly Financial Status Reports (FSR's) of expenditures are also provided.

Audit Objectives

- a. Determine whether required reports include all activities of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with program requirements.

Suggested Audit Procedures

- a. Review applicable laws, regulations and the provisions of the contract for reporting requirements.
- b. Verify that Contractor has provided quarterly progress reports, related to performance and outcomes and Financial Status Reports (FSRs) showing a statement of expenditures on a monthly basis.
- c. Verify that Contractor has provided a final year-end report.
- d. Ascertain if the financial reports were prepared in accordance with the required accounting basis.

- e. For Performance and special reports, verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.
- f. Obtain written documentation from management that the reports provided to the auditor are true copies of the reports submitted to the Division.
- g. The DHHS Controller's Office is responsible for submitting a Financial Status Report 269 to the Federal Grants Management Officer for documentation of federal funds expended, according to the DHHS Cash Management Policy.

M. SUBRECIPIENT MONITORING

Subrecipient monitoring is required if the agency disburses or transfers any State funds to other organizations except for the purchase of goods and services. The grantee shall require such organizations to file with its 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, as well as monitoring compliance with specific stipulations, conditions and performance measures in the contract.

Audit Objectives

- a. Determine whether the pass-through entity properly identified State award information and compliance requirements to the subrecipient and approved only allowable activities in the award documents.
- b. Determine whether the pass-through entity monitored subrecipient activities to provide reasonable assurance that the subrecipient administers State awards in compliance with State requirements.
- c. Determine whether the pass-through entity ensured required audits were performed, issued a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and ensures that the subrecipient takes timely and appropriate corrective action on all audit findings.
- d. Determine whether in cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity took appropriate action using sanctions.
- e. Determine whether the pass-through entity evaluates the impact of subrecipient activities on the pass-through entity.

Suggested Audit Procedures

- a. Gain an understanding of the pass-through entity's subrecipient procedures through a review of the pass-through entity's subrecipient monitoring policies and procedures (e.g., annual monitoring plan) and discussions with staff. This should include an understanding of the scope, frequency, and timeliness of monitoring activities and the number, size, and complexity of awards to subrecipients.
- b. Review the pass-through entity's documentation of during-the-award monitoring to ascertain if the pass-through entity's monitoring provided reasonable assurance that subrecipients used State awards for authorized purposes, complied with laws, regulations, and the provisions of contracts and grant agreements, and achieved performance goals.
- c. Review the pass-through entity's follow-up to ensure corrective action on deficiencies noted in during-the-award monitoring.
- d. Verify that in cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity took appropriate action using sanctions.
- e. Verify that the effects of subrecipient noncompliance are properly reflected in the pass-through entity's records.

N. SPECIAL TESTS AND PROVISIONS

Audit Objectives

- a. To ensure compliance with the DHHS and DCFW 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 follow DHHS-DCFW 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.