

## THE GOVERNOR'S TASK FORCE ON MENTAL HEALTH AND SUBSTANCE USE RESERVE FUND

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**State Authorization:** North Carolina Session Law 2016-94, 12F.3. (a) and 12F.3. (b) Child Tiered Case Management Pilot Program Reserve Fund for Governor's Mental Health and Substance Use Task Force Recommendations.  
N.C. Department of Health and Human Services  
Division of Child and Family Well-Being

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**Agency Contact Person - Program**

Stacie Forrest  
(919) 707-5017  
[Stacie.Forrest@dhhs.nc.gov](mailto:Stacie.Forrest@dhhs.nc.gov)

**Agency Contact Person – Financial**

Erin Matteson  
(984) 236-0650  
[Erin.Matteson@dhhs.nc.gov](mailto:Erin.Matteson@dhhs.nc.gov)

**Address Confirmation Letters To:**

SFY 2025 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>

At this site, click on the link entitled "Audit Confirmation Reports (State Fiscal Year 2024-2025)". 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 Oct 2023-2025).

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

### High Fidelity Wraparound Training Program

NC DHHS, Division of Child and Family Well-Being (DCFW) contracts with the Center for Youth, Family, and Community Partnerships (CYFCP) at the University of North Carolina at Greensboro (UNCG) to develop and implement the NC High Fidelity Wraparound Training Program (also previously called Tiered Care Coordination).

High Fidelity Wraparound (HFW) assists youth and family in achieving the changes they want for their lives. The primary objectives of the model are to use an interactive, team-based approach (founded upon 10 principles) conducted in four phases to help families. The HFW teams' partner with youth and families to identify their specific priorities and goals, to assemble a team that gives them the support they want and need, and to develop a process that empowers them to achieve their unique vision for the future. (<https://nchfwtp.uncg.edu/what-is-hfw/>)

The HFW program began as a pilot with the Substance Abuse Mental Health Services Administration (SAMHSA) System of Care Expansion Grant in April 2015. In 2016 the Governor's Task Force on Mental Health and Substance Use (GTF) made several recommendations to support the mental health and substance use needs for NC youth. The General Assembly through HB 1030: 2016 Appropriations Act, Sec. 12F.3 created a Reserve Fund to support the implementation of those recommendations. One of those recommendations was the Tiered Care Coordination Project focused on connecting youth and their families involved in child welfare and juvenile justice to behavioral health services. HFW was the third tier of the project, providing intensive care coordination for youth with the highest level of need.

By 2019 the project became the High Fidelity Wraparound Training Program. This is the official training, credentialing, and monitoring organization for HFW teams in North Carolina. High Fidelity Wraparound is now provided in 84 North Carolina counties, with the goal of expanding to all 100 counties. Approximately \$2.2M in non-reverting GTF funds support the program and the statewide expansion.

UNCG CYFCP provides the infrastructure management and evaluation support necessary for successful implementation of the NC High Fidelity Wraparound Training Program (HFW). To ensure the successful implementation of this project, DCFW is contracting with UNCG to provide the necessary infrastructure to design and implement an evaluation across multiple sites, support consistent program development involving a variety of stakeholders, provide well-informed implementation consultation and coordination of efficient and timely training and responsive technical assistance for the sites.

### NC Youth & Family Voices Amplified (NCVA)

The purpose of NCVA is to amplify the voice of NC's youth and families in systems and services that support their mental health and well-being. This program does this through education, community partnerships, and support to enhance family-driven and youth-led care.

The UNCG CYFCP provides the infrastructure, program management, evaluation support and other resources to support Voices Amplified to help youth, young adults and families with lived experiences in the systems to inform and influence the

development, implementation and monitoring of the systems. <https://ncvoicesamplified.uncg.edu/>. This program was established in SFY 2022.

The program is now expanding to support, recruit, train and cultivate a Family Peer Support workforce in NC. Per [Substance Abuse Mental Health Services Administration \(SAMHSA\)](#), Family Peer Specialists provide services such as information and referral; individualized supports to help parents understand their children's needs and access natural supports; support groups; parent training and education to increase knowledge and skills; system navigation to assist families in finding or accessing resources; intensive family support during periods of crisis; specialized supports for families experiencing challenges with systems such as child welfare, juvenile courts, or schools; and social activities and events to bring families together, raise awareness, or offer educational opportunities.

The CYFCP has developed the NC Youth and Family Voices Amplified (NCVA) program to provide training and technical assistance and evaluation to Youth and Family Peer Specialists. This program will support Family Peer Specialist Implementation sites in recruiting, hiring, training, supporting, integrating, and evaluating Family Peer Specialists (FPS) to provide direct support to families across NC.

## **II. PROGRAM PROCEDURES**

### **The High Fidelity Wraparound Program**

The Department established a financial assistance contract with UNCG CYFCP. The contract is managed through the DHHS, DCFW. The program is a partnership between DHHS, UNCG CYFCP, Tailored Plans (formerly referred to as Local Management Entities/Managed Care Organizations) and local providers.

The Department begins with a Request for Application (RFA) Process to select counties or regions that demonstrate readiness to develop and implement the HFW model. The Local Management Entities/Managed Care Organizations (now called Tailored Plans) apply for the RFA with providers. The Tailored Plans have identified and added HFW services to their service array. The RFA provides funding for start-up costs (i.e. salary, training, mileage and technology) for the new HFW providers and a Tailored Plan staff.

The application requires an application face sheet; description of the applicant provider's capacity to meet the needs of the HFW population, and description of the Tailored Plan's Organizational Capacity, and letters of support.

The Tailored Plan also applies to the Division of Health Benefits (DHB) for approval of an in lieu of service definition for HFW providers (vetted through the HFW training program) in their networks to bill for HFW services since there is not yet a statewide approved HFW service definition.

The HFW Training Program works with Tailored Plans to support the initial development of HFW teams through start-up funds, training, and implementation practice support through the credentialing process. The standard HFW Team includes a coach, up to 4 wraparound facilitators and 3 support partners. After funding support and implementation practice for approximately 18 months, HFW teams are expected

to be self-sustaining. After HFW team members are credentialed the HFW Training Program's Implementation Specialists serve as monitors of the HFW work to ensure that the team's practices adhere to the fidelity of the model.

DCFW allocates the start-up funds to the Tailored Plans through allocation letters that are issued by NC DHHS, Division of Mental Health, Developmental Disabilities and Substance Use (DMHDDSUS).

These state funds are allocated **outside of UCR**, and approved expenditures are reported by the Tailored Plan through routine submission of monthly Financial Status Reports (FSRs) to the Division of Child and Family Well-Being (DCFW and DMHDDSUS (the Division) Business and Financial Operations. Funds are paid on a reimbursement basis as these funds will not be paid via the Single Stream Funding payment schedule.

#### **NC Youth and Families Voices Amplified**

The Department established a financial assistance contract with UNCG CYFCP to support the development of the Voices Amplified. The contract is managed through the DHHS, DCFW.

Voices Amplified provides the following services and resources:

- Training for Family Partner National Certification and Youth Leadership Certificates.
- Training and certification for Family Partners and Youth Peer Support Providers across N.C.
- Technical assistance to Youth and Family Peer Support Providers, as well as the agencies that employ them.
- Collaboration activities to advance the System of Care framework across child- and family-serving systems in NC.
- In-person and on-line outreach to youth and families to promote mental health and access to services and support.
- Recruitment of prospective new Family Partners and Youth Peer Support Providers.
- Advocacy for youth and families to be at the table when decisions are made about systems and services that impact their lives.

UNCG CYFCP's costs for supporting Voices Amplified are reimbursed. UNCG submits a monthly Contract Reimbursement Request (CRR) and monthly financial reports /supporting documentation to DCFW.

### III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the State 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	4	5	6	7	8	9	10	12	13	14
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Conflict of Interest	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	N	Y	Y	N	N	N	Y	Y	Y	Y	Y

#### 1. 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

- Provide coaching, implementation support and monitoring for the local HFW programs.
- Outline and conduct developmental activities for building and sustaining the HFW Training Program.
- Certify HFW staff through the National Center for Innovation and Excellence.
- Implement a HFW-focused evaluation plan, including research to support 1) the HFW Training Program's ongoing development and 2) a needs assessment around the state to support continued statewide HFW implementation.
- Document the return on investment and/or cost-effectiveness of HFW.
- Collect implementation science, fidelity, process and outcome data and maintain an evaluation dashboard.
- Engage state and local partners in identification of other sites that are beginning to demonstrate implementation readiness and installation.
- Increase the awareness of youth and families in NC about effective strategies to advocate for access to supports and services.

- i) Increase the awareness of youth and families with lived experience in the behavioral health system that the roles of youth peer support and family peer support is a potential career path.
- j) Educate (and increase awareness) with behavioral health providers and policy-making community on how to create an environment for youth and family peer support staff to be successful and the effectiveness of such a service when provided well.
- k) Recruit and train youth with lived experience and readiness to provide effective peer support.
- l) Support youth and families active participation in local collaborative meetings.
- m) Provide education, consultation, and support to local and statewide collaboratives to increase meaningful family/youth participation.
- n) Support youth, young adults, and families in accessing effective supports in the behavioral health system.
- o) Develop an evaluation plan that assesses the impact of youth/family support outreach, technical assistance, and training programs on individuals receiving services and on the engagement of individuals in treatment.

#### Unallowable Activities

- a) Funds cannot be used by a Tailored Plan to supplant funds already committed to a program.
- b) Funds cannot be used to supplement any reimbursement for services or staff activities provided through the NC Medicaid Program.

#### Audit Objectives

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

#### Suggested Audit Procedure

- 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.

## 2. 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.

#### 4. Conflict of Interest

##### Conflict 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 Uniform Guidance Appendix XI to Part 200. These requirements include the submission of a Conflict of Interest Policy and a written statement (if applicable) that the entity does not have any overdue tax debts as defined at the federal, State or local level. 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 sub-grantee accountable for the legal and appropriate expenditure of those State grant funds.

Audit Objectives- Before receiving and disbursing State funds, determine whether the grantee (1) has adopted a conflict of interest policy and has it on file and (2) whether the grantee has any overdue tax debts at the federal, State or local level.

#### 5. Eligibility

The fund is used for improving the health and functioning of children, adolescents, and families coping with significant mental health or 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.

## 9. 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/>

Nongovernmental sub-recipients shall maintain written procurement policies that are followed in procuring the goods and services required to administer the program.

## 10. 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.

## 12. Reporting

The Contractor provides Quarterly Reports of progress toward work plan activities including progress on performance measures identified in the Contract Scope of Work. Monthly Contract Reimbursement Requests (CRRs) 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 monthly.
- 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.



### 13. 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.

#### 14. Special Tests and Provisions

The HFW Training Program is concerned that the Tailored Plans and the local HFW providers demonstrate model fidelity. The HFW Training Program has established a process that includes benchmark reviews, case file audits and group coach observations to determine each HFW team's level of adherence.