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.

1. PROGRAM OBJECTIVES

To increase access to comprehensive primary and preventive health care and improve the health status of underserved and vulnerable populations in the area to be served.
II. PROGRAM PROCEDURES

The NC Farmworker Health Program is administered by the N. C. Department of Health and Human Services, Office of Rural Health and Community Care (ORHCC), 2009 Mail Service Center, Raleigh, North Carolina 27699-2009, (919) 733-2040. Funds are received from the U. S. Department of Health and Human Services, Health Resources and Services Administration.

The ORHCC, based upon requests submitted by local agencies and approved by ORHCC, provides grants. An objective review committee consisting of representatives from the ORHCC, the North Carolina Community Health Center Association, and the North Carolina Office of Minority Health reviews applications for merit and recommends approval or disapproval. The Director of the ORHCC makes final decisions. Among the criteria for selection of projects is the relative merit of proposals in light of the Bureau of Primary Health Care's criteria and specific program guidelines, reasonableness and appropriateness of costs, and past performance by an applicant.

Once an applicant is selected, a formal contract is prepared by the ORHCC. The contract details contractor obligations, the funding schedule, reporting requirements, and audit requirements. The formal contract serves as the grant award notification.

During the contract year (typically April 1- March 31), NC Farmworker Health Program staff provide on-going technical assistance to the contractors. Technical assistance includes on-site visitation, workshops, and other contacts with the contractors during which program goals are reviewed and evaluation of contractors undertaken. The primary goal of the assistance is to assure that the most comprehensive services are available for migrant and seasonal farmworkers and their families.

III. COMPLIANCE REQUIREMENTS

A. Activities Allowed or Unallowed

Funds may be allowed to improve the availability, accessibility, and provision of primary health care services. Funds may not be used for in-patient services or to make cash payments to intended recipients of services.

B. Allowable Costs/Cost Principles

Services provided by and costs allowable under an NC Farmworker Health Program grant through the ORHCC are limited to those activities which were budgeted by the contractor and approved by the ORHCC.

Compliance Requirement – No line-item may be increased by more than ten (10) percent without the written approval of the ORHCC (NC Farmworker Health Program). This requirement relates to the contractor’s expenditures as of the date of the balance sheet compared to the budget approved by the ORHCC (Attachment C of the contract).

Suggested Audit Procedure – Review the contractor’s budget as approved by the ORHCC, including any subsequent amendments. Determine that any revisions exceeding ten (10) percent of the budget line-item have been approved in writing.

C. Cash Management

Funds are paid on a contractual basis. Generally, funds are advanced at the beginning of the contract period. However, some contracts have multiple payments in advance based on a schedule provided within the contract agreement.
E. Eligibility

- Applicant eligibility
  Any public or nonprofit private entity. Priority will be given to applications submitted by community-based organizations which are representative of the populations served. Profit-making organizations are ineligible.

- Beneficiary eligibility
  Migratory agricultural workers, seasonal agricultural workers and members of their families.

H. Period of Availability of Federal Funds

All funds must be expended within the contract period specified in the formal notice of grant award.

I. Procurement and Suspension and Debarment

Contractors do not purchase goods or services with Farmworker Health Grant funds and no local testing is necessary.

L. Reporting

Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Therefore, contractors are required to submit a series of reports to the NC Farmworker Health Program Coordinator in the ORHCC. These reports are specified in the contract agreement (Attachment B). Report formats are provided by the ORHCC and are designed to gather the data for reports required by the federal DHHS. The reports, reporting frequency, and due dates are as follows:

- Unified Data System (UDS) required annually in January. This report provides essential data for reporting directly by the ORHCC to the Federal DHHS as required by the State’s grant agreement with the Federal DHHS.

- Expenditure report by budget line-item is due monthly during the contract period by the 15th day following the month being reported in order to monitor expenditures per Attachment C of the contract.

N. Special Tests and Provisions

Conflict of Interest and Certification Regarding Overdue Tax Debt

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, 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. 143-6-23(c). 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 Objective – 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.
Suggested Audit Procedures

1. Ascertain that the grantee has a conflict of interest policy as described above.

2. Check the policy and verify through board minutes that the policy was adopted before the grantee received and disbursed State funds.

3. Verify as to whether or not the grantee has any overdue tax debts at the federal, State or local level by reviewing tax reports filed with the appropriate government agencies and confirming via an inspection of the accounting records that all taxes were paid timely.