State Project/Program: COMPREHENSIVE TOBACCO USE PREVENTION AND CONTROL PROGRAM

Federal Authorization: Public Health Service Act, Title 42, Section 243, 247b(k)(2).
State Authorization: N/A

N. C. Department of Health and Human Services
Division of Public Health

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<tr>
<th>Agency Contact Person - Program</th>
<th>N. C. DHHS Confirmation Reports:</th>
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| Sally Herndon, MPH Head, Tobacco Prevention and Control Branch (919) 707-5401 Sally.Herndon@dhhs.nc.gov | SFY 2015 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Boards of Education, Councils of Government, District Health Departments and NC DHHS/Division of Health Service Regulation Grant Subrecipients will be available by mid September at the following web address: http://www.ncdhhs.gov/control/auditconfirms.htm. At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2014-2015)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2013-2015)”.

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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.
1. PROGRAM OBJECTIVES

Tobacco use remains the number one preventable cause of premature death and disease in the US and in North Carolina. Among adults aged 35+ years, over 12,300 died as a result of tobacco use per year, on average, during 2000–2004. This represents a smoking-attributable mortality rate of 298.4/100,000. North Carolina's smoking-attributable mortality rate ranks 38th among the states. (CDC State Highlights 2010). For each death, there are 20 more who are sick or disabled due to tobacco use. (Surgeon General’s Report 2006). While the health burden remains paramount, the economic toll is great. Tobacco use in North Carolina costs the State $2.4 billion in direct medical expenditures alone, or $7.17 per pack which is well above the national average. (CDC State Highlights 2006). Secondhand smoke costs the state $293.3 million per year in additional medical care costs. (NC Medical Journal). In 2004, smoking costs the North Carolina Medicaid Program about $769 million, or $119.73 per capita (adult). (CDC State Highlights 2006).

Tobacco Prevention funds are provided to local health departments in order to implement activities based on the TPCB’s goals. TPCB is funding between 8 and 10 local and/or multi-county tobacco prevention coalitions, which align with the regional structure currently used by the North Carolina Association of Local Health Directors to implement strategies locally and/or regionally. Budgets for local health departments are based on availability of funds from the CDC and are subject to change. The goals of the activity for State Fiscal Year 2014/2015 are to:

**Goal 1: Eliminate exposure to secondhand smoke (SHS)**
- Build support to create all North Carolina worksites smoke-free
- Build support to create multi-unit housing properties smoke-free
- Create smoke-free environments to support a social norm in any public place
- Work with state and local partners to educate decision-makers and stakeholders on evidence-based policy interventions

**Goal 2: Promote quitting among young people and adults**
- Promote QuitlineNC (1-800 Quit-Now or 1-800-784-8669) to all tobacco users interested in quitting;
- Develop infrastructure and systems support for evidence-based tobacco treatment.

**Goal 3: Prevent the initiation of tobacco use among young people**
- Educate and inform coalition members and decision-makers about the inverse relationship between higher tobacco prices and youth initiation of tobacco use
- Educate decision-makers and community leaders about enforcing laws that prohibit the sale of tobacco to young people
- Educate young people about the dangers of tobacco use
- Promote 100% tobacco-free college / university / community college campuses and assist with 100% tobacco-free schools compliance

**Goal 4: Identify and eliminate the disparities related to tobacco use and its effects among different population groups**
- Promote evidence-based, population-based policies, systems, and programs that benefit all
- Focus limited resources to address tobacco related health disparities
- Partner with organizations that represent populations that have increased risk for tobacco and/or secondhand smoke attributable illness or death

**Goal 5: Build support for long-term sustainability of state and federal tobacco control funding**
• Communicate to stakeholders about the need for sustainable funding in order to prevent and reduce tobacco use
• Communicate about the successes and gaps of evidence-based policies and programs in North Carolina
• Educate on the benefits of using of the Tobacco Master Settlement Agreement (TMSA) funds or tobacco tax funds to reduce the health and economic burden of tobacco use, the leading preventable cause of death in North Carolina.

**Vision 2020 Objectives:**
- Decrease the proportion of adults who smoke from **20.3%** (2009 BRFSS) to **13%**.
- Decrease tobacco use among high school students from **25.8%** (2009 YTS) to **15%**.
- Decrease the percentage of workers exposed to secondhand smoke indoors at their workplaces from **7.8%** (2010 BRFSS) to **0%**.
- Decrease the percentage of pregnant women who smoke during pregnancy from **10.4%** (2008 NC Vital Statistics) to **6.8%**.
- Decrease exposure of high school students to secondhand smoke in homes from **25.2%** (2009 YTS) to **16.8%**.
- Decrease exposure of middle school students to secondhand smoke in homes from **26.9%** (2009 YTS) to **17.9%**.

The TPCB budget (SFY 2014-2015) includes funding for a total of **$4,700,258** as follows:
- $1,672,280 from the Centers for Disease Control and Prevention (Core Funding);
- $568,622 from the Centers for Disease Control and Prevention (Quitline Capacity);
- $1,259,356 from the NC State Health Plan;
- $1,200,000 from the NC state appropriations for QuitlineNC.

Each funding source has specific objectives; deliverables; unique reporting requirements and cycles; guidelines; and processes to follow.

The North Carolina Department of Health and Human Services cooperative agreement award was extended one year (Year 6), extending the funding period to March 29, 2009 to March 28, 2015.

During the sixth year of this cooperative agreement (March 29, 2014–March 28, 2015), the Tobacco Prevention and Control Branch is providing funding to 8 local coalitions/health departments. Craven County and Pitt County local health departments shared one award during the state fiscal year. Each coalition receives a base allocation amount that supports a full time staff person and intervention budget to implement tobacco prevention and control activities at the local level.

**II. PROGRAM PROCEDURES**

**Local Health Department Agreements:**
- The TPCB provides funds to eight local health departments to carry out community-based tobacco prevention and control projects in the amount of **$573,374**. The Consolidated
Agreement between the Division of Public Health and each local health department is the mechanism for transfer of funds. Budgetary Authorizations provide specific award amounts for each local health department.

- Requirements for the eight local health departments to carry out evidence-based community-based tobacco prevention and control projects are detailed in the Agreement Addendum, which lists program requirements that each health department must achieve in exchange for the funding.

- Each health department must provide the auditor with a copy of the agreement addendum, expenditure reports, and any activity reports for the local tobacco program funding received. If the health department cannot provide these documents, they are available from the Division of Public Health, Budget Office or the TPCB office listed above.

- For each local program in the eight funded local health departments covering 24 counties, funds may be used for salaries/contracts, training, educational materials and resources, travel and the purchase of office equipment, computer hardware and software.

- Funds may not be used for direct services or lobbying.

### III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a federal funded program, the auditor should look first at OMB Circular A-133, Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Part 3 for the details of the requirements.

#### A. ACTIVITIES ALLOWED OR DISALLOWED

CDC funds must be used for focused strategies to change systems, develop and implement policies, change the environment in which tobacco use occurs, and impact population groups rather than individuals. Other appropriate uses of funding include:

- Staff salaries, wages and fringe benefits
- Consultant and subcontractor fees and expenses
- Educational and promotional materials
- Education of community leaders and decision makers
- Convenering interested groups
- Policy analysis
- Media and marketing costs
- Data acquisition expenses (e.g., database purchase, survey costs) must be approved by TPCB
- Computer and printer
- Printing
- Office supplies
- Travel in State
- TPCB approved travel to national conferences

If a local health department has other sources of tobacco prevention and control support, the health department may not use CDC money to duplicate funding for the same activities or...
supplant existing funds. Some health departments may be required to include indirect costs in their budgets.

The local health department must have on site the Potential Conflict of Interest and Disclosure Form regarding acceptance of funds from tobacco-related entities and the Health Department Tobacco Use Policy. Any changes in these policies must be reported to the TPCB.

**In addition CDC funds cannot be used for:**

- capital expenditures
- to supplant funds from federal or State sources
- to provide direct services such as individual and group cessation services, patient care, personal health services, patient rehabilitation or other costs associated with the treatment of disease caused by tobacco use, with the exception of Quitline cessation services
- clinical care and pharmaceutical products
- equipment expenses over $3,000
- to support or engage in any effort to participate in political activities including but not limited to support of or opposition to candidates, ballot initiatives, referenda and other similar activities
- lobbying
- fund raising
- payment of non-program related debts, fines or penalties
- contributions to a contingency fund
- membership fees
- interest or other financial payments
- travel and meals in excess of the health department or current North Carolina State rates
- cost related to out-of-state travel (unless approved in advance by TPCB)
- replacement of operation funds
- conduct research
- staff time to provide direct classroom instruction of students
- directly enforce tobacco control policies
- any expenditure that may create a conflict of interest or a perception of impropriety

**Suggested Audit Procedure**

Review the local health departments Consolidated Contract and Agreement Addendum requirements and all expenditure documentation to determine the appropriateness of specific activities paid by these funds.
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.

E. ELIGIBILITY

CDC funded activities serve groups interested in preventing and eliminating tobacco use and exposure to secondhand smoke across North Carolina with a specific focus on youth, pregnant women, groups experiencing tobacco-related health disparities and tobacco users who want to quit.

Suggested Audit Procedure

Review the local health departments Consolidated Contract and Agreement Addendum requirements and all expenditure documentation to determine if groups targeted for interventions are the actual beneficiaries of the activities.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

TPCB funds can be used to support staff and for a variety of expenses associated with developing and implementing activities in the approved contracts. Prior approval is required from the TPCB for any equipment, computer purchases and disposition of the equipment in accordance to State laws and procedures.

Suggested Audit Procedure

Review contractors’ files for addition or disposition of equipment and Branch approval.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

A 4:1 State match is required for the CDC Funding for fiscal year March 29, 2014 – March 28, 2015. The $1.2 million state appropriation for QuitlineNC provides that match on the state level. No match is required from the local health departments.

H. PERIOD OF AVAILABILITY OF FEDERAL OR STATE FUNDS

CDC funds are allocated to the contractors through the NC Division of Public Health for March 29, 2014 – March 28, 2015.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

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 conform to federal agency codifications of the grants management common rule accessible on the Internet at http://www.whitehouse.gov/omb/grants/chart.html. 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.doa.state.nc.us/PandC.

L. REPORTING

The Local Health Department provides monthly documentation of activities based on an Indicator Progress Tracking System which is due on the seventh day of the following month for single and multi-county coalitions. Entries must conform to requirements as outlined by
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the TPCB in the Agreement Addenda.

**Suggested Audit Procedure**

Review the files (electronic and paper) for evidence of monthly reports.

**M. SUBRECIPIENT MONITORING**

Local Health Departments are assigned ratings on a quarterly basis by the Tobacco Prevention and Control Branch to denote progress on their annual action plans. The ratings are discussed at the quarterly site visits with the Local Health Departments. The Local Health Departments are also provided written monthly feedback and recommendations by the TPCB, based on progress reported. This feedback is to ensure adequate performance. TPCB will utilize the monthly reports and request input from the Local Health Departments for reports to the CDC as well as to North Carolina Department of Health and Human Services.

Certain situations outlined below may result in inadequate performance and require corrective actions:

- Non-completion of activities in the Annual Action Plan will require documentation of barriers preventing implementation of activities and require an amended Annual Action Plan within the quarter that the change took place, which must be approved by the TPCB.

- In the event of a gap in staffing (1 FTE local coordinator is required) or another major change in Annual Action Plan delivery, TPCB Program Consultant staff will assist the Local Health Department to continue progress and recruit and orient a replacement rapidly. In the event that there is delay, and the Local Health Department cannot show a plan to spend the lapsed salary or other unspent program dollars, those funds are reverted and redistributed through the 100% spending plan.

- If the Local Health Department does not implement activities in the Annual Action Plan and has documented barriers explaining why the activities were not completed, the funding for those activities must be returned to the TPCB or the will be re-negotiated with TPCB-approved replacement activities and budget.

**Suggested Audit Procedure**

Review the local health department’s monthly monitoring reports.

**N. SPECIAL TESTS AND PROVISIONS**

*Consolidated Agreement System*

The DHHS Division of Public Health utilizes a single written agreement to manage all funds, that is, State, federal or private grant funds, that the Division allocates to local health departments across the State. This document, as amended, is called **The Consolidated Agreement**. The Agreement sets forth the more general requirements of the funding relationship between the State and local public health agencies. More specific information related to program activity is set out in a document titled the **Agreement Addenda**, which detail requirements, which are negotiable at the beginning of each fiscal year that each health department must achieve in exchange for the funding. A third part of the system is the **Budgetary Authorization** which is sent annually from each of the Sections or Branches of the Division to all health departments allocating funds from specific sources, i.e., State appropriations or other federal grant funds for specific activities. This estimate indicates the amount of the allocated funds and their respective sources. Each health department should
be able to provide an auditor with a copy of the Consolidated Agreement for the particular year being audited, as well as copies of the Budgetary Authorization and any revisions, Agreement Addenda, expenditure reports and any activity reports for each source of funding received. If the health department cannot provide these documents, they may contact the State Division of Public Health Budget Office for assistance.

**Suggested Audit Procedures:**

Review the FUNDING STIPULATIONS section of the Consolidated Agreement before beginning an audit. This section describes much of the detailed information the auditor may be seeking during a review of these local programs.

**Conflicts 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 G. S. 143C-6-23 for fiscal years beginning on or after 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) completed by the grantee’s board of directors or other governing body 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)). 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.