APRIL 2015

93.994 MATERNAL AND CHILD SERVICES BLOCK GRANT TO THE STATES

State Project/Program: INNOVATIVE APPROACHES: A LOCAL SYSTEM IMPROVEMENT APPROACH FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: 42 United States Code Section 701-709
State Authorization: N/A

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Division of Public Health

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N. C. DHHS Confirmation Reports:
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)”.

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.

G. PROGRAM OBJECTIVES

Funding is provided to create community-based and family-focused systems of care for families of CSHCN. The goal of the Innovative Approaches (IA) initiative is to foster improvement for community-wide systems of care that will effectively meet the needs of families of children with special health care needs, resulting in increased family satisfaction with services received and improved outcomes for children with special health care needs.
INNOVATIVE APPROACHES: A LOCAL SYSTEM IMPROVEMENT APPROACH FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

IA will require collaborative partnerships between local health departments (LHDs) and local Community Care of North Carolina (CCNC) networks as lead agencies improving the system of care for CSHCN. These agencies are well positioned to lead local efforts to implement effective strategies for systems of care for CSHCN, and closer collaboration between LHDs and CCNC networks is critical to the success of a local system of care.

The Innovative Approaches initiative has the following five outcome goals:

<table>
<thead>
<tr>
<th>Outcome Goals #1</th>
<th>Families of children with special health care needs will partner in decision making at all levels, and will be satisfied with the services they receive.</th>
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<tbody>
<tr>
<td>Evaluation Indicators:</td>
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<tr>
<td>A. Implement effective family involvement with planning, outreach and evaluation.</td>
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<td>B. Demonstrate culturally appropriate services.</td>
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<tr>
<th>Outcome Goals #2</th>
<th>All children with special health care needs will receive coordinated ongoing comprehensive care within a medical home.</th>
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<tr>
<td>Evaluation Indicators:</td>
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<tr>
<td>A. Demonstrate effective agreements that assure sharing of child health service info and implementation for informed consent for release of this info to involve providers.</td>
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<tr>
<td>B. Demonstrate improved communication among community partners, families, and providers which will include written processes and agreements.</td>
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<tr>
<td>C. Demonstrate an increase in family support, use of evidence based protocols for chronic conditions, portable medical summaries, registries, transition planning processes, communication effectiveness among providers, schools, child care centers, and other community service agencies.</td>
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<tr>
<td>D. Demonstrate appropriate use of ER, hospital use, specialist use, and decrease episodic sick visits.</td>
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<tr>
<td>E. Demonstrate an increase in public knowledge about the medical home concept* and community changes in practice. As part of this initiative all CCNC practices in the project area will complete the Medical Home Index, <a href="http://www.medicalhomeimprovement.org/pdf/CMHI-MHI-Pediatric_Full-Version.pdf">http://www.medicalhomeimprovement.org/pdf/CMHI-MHI-Pediatric_Full-Version.pdf</a>.</td>
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<tr>
<th>Outcome Goals #3</th>
<th>All children will be screened early and continuously for special health care needs.</th>
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<tr>
<td>Evaluation Indicators:</td>
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<tr>
<td>A. Demonstrate an increase in well child visits and preventive services (immunizations, developmental, behavioral, vision, hearing and autism screening.)</td>
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### Outcome Goals #4:

**Services for children with special health care needs and their families will be organized in ways that families can use them easily.**

**Evaluation Indicators:**

- A. Demonstrate an increase in the availability of care through expanded hours, expanded coverage on weekends and an increase in the ease of service access for children and their families by child service agencies.
- B. Develop implement, and maintain a current community resource directory and demonstrate how families will access the directory.

### Outcome Goals #5:

**All children and youth with special health care needs will receive the services necessary to make appropriate transitions.**

**Evaluation Indicators:**

- Demonstrate a system that supports the transition of youth and families to adult care, work, and independence. This may include written transition plans, guidelines, and agreements between providers.

Additional outcome measures for #1-5 should be added as appropriate to individual projects.

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### II. PROGRAM PROCEDURES

Innovative Approaches is administered by the North Carolina Department of Health and Human Services—Division of Public Health, Women’s and Children’s Health Section, Children and Youth Branch.

Funds were distributed to four local health departments through a Request for Application process. To be eligible for funding, the local health department must demonstrate a continuing collaboration with their Community Care North Carolina network. The project cycle is five years, pending continued funding availability.

The program is managed and supported through the Best Practice Unit in the Children and Youth Branch, Division of Public Health. Additional technical assistance is provided by the University of North Carolina at Greensboro through subcontracts with the participating local health departments.

Funds for this program are from a combination of Maternal and Child Health Block Grant funds and matching State funds. The proportion is four federal dollars and three State dollars for every seven dollars awarded and expended. The subrecipient has no requirement to account separately for federal and State dollars in its budget and expenditures.
III. COMPLIANCE REQUIREMENTS

A. ACTIVITIES ALLOWED OR UNALLOWED

Allowed

Funds will be awarded for the incremental costs that are associated with the implementation of this initiative. Incremental costs are defined as costs that are new to the organization as a result of this project. Funds are intended to be used for:

- A planning phase at the initiation of the program. Funds can be used to hire a planning facilitator skilled in the theory of change logic model or a similar planning model.
- A Project Coordinator to work with partners and families.
- Personnel cost for the preparation, facilitation and follow-up required for the delivery of the program.
- Costs of training or technical assistance including travel.
- Subcontracts to partners in the community to improve the service delivery system of care for CSHCN.
- Community outreach to publicize the program and to identify and recruit program participants and parents of CSHCN. Travel reimbursement can not exceed those rates determined by the State. Parents should be paid for their travel, meals, hotel and time. Reimbursement for their time should not exceed $20 per hour.
- Information and tracking systems and a client referral system that will be used and any plan for joint systems development across providers.
- Methods, objectives and instruments that will be used for measuring and evaluating quality.
- Improvements in the care coordination and management system in the county or area designated.
- Other and related use of funds must be directly tied to the plan developed for Innovative Approaches and approved by the Contract Administrator.

Unallowed

Funds may not be used to supplant existing systems development initiatives.

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.

C. CASH MANAGEMENT

Compliance Requirements – When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from a State agency. When funds are advanced, recipients may be required to follow specific procedures.

Local Governments and Public Authorities

All local governments and public authorities are required to follow cash procedures for State funds outlined in the State’s Budget and Fiscal Control Act (General Statute 159-34) and rules, policies, and procedures established by the Local Government Commission. Additionally, the State-awarding agency may specify their own requirements for the
management of State funds and these requirements can be found in Part 10 of this Compliance Section.

Nonprofit Organizations

The specific requirements for the cash management of State funds will be specified by the State-awarding agency. The Auditor will find the requirements in the contract and grant agreements, administrative manuals published by the awarding State agency and also cash management requirements can be found in the program specific requirements in Part 10 of this Section.

For any program for which an awarding State agency has established rules, policies and procedures for cash management, recipients should also establish similar procedures for subrecipients.

Audit Objectives – Determine whether:

1. The recipient/subrecipient followed procedures established by the applicable laws, regulations, statutes, and agency requirements.

2. The pass-through entity implemented procedures to assure that subrecipients conformed substantially to the same requirements that applied to the pass-through entity.

Suggested Audit Procedures

1. Select a sample of advances of State funds and compare to the dates the funds were disbursed and/or when the checks were presented to the banks for payment. Using these data, verify that:
   a. The timing of disbursements was in compliance with any requirements of the awarding agency or any applicable laws, regulations, or statutes.
   b. If applicable, procedures were established to minimize the time elapsing between drawdown and disbursement of State funds.

2. Where applicable, select a sample of reimbursement requests and trace to supporting documentation showing that the costs for which reimbursement was requested were paid prior to the date of the reimbursement request.

3. Where applicable, review records to determine if interest was earned on advances. If so, review evidence to ascertain whether it was treated in accordance with the applicable laws, regulations, policies, and procedures and agency requirements.

E. ELIGIBILITY

Funding is not intended to support direct services to clients. Funds must be used for improvements to the system of care for children with special health care needs.

Audit Objectives – Not applicable.

Suggested Audit Procedures – Not Applicable.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

The grantee has agreed to reimburse the State for any loss or damage to equipment furnished the grantee for use in connection with the performance of his contract as specified on page 5 of the contract document.
The grantee has also agreed to put into place equipment controls and safeguards for equipment costing in excess of $500 as specified in the contract document.

Audit Objectives – Determine whether:
1. The grantee maintains proper records for equipment and adequately safeguards and maintains equipment.
2. Disposition or encumbrance of any equipment or real property acquired with State awards is in accordance with the requirements of the awarding agency.

Suggested Audit Procedures
1. Obtain entity’s policies and procedures for equipment management and ascertain if they comply with the awarding agency’s policies and procedures.
2. Select a sample of equipment transactions and test for compliance with the awarding agency’s policies and procedures for management and disposition of equipment.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Does not apply at the local level.

H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Compliance Requirements – State and federal awards may specify a time period during which the grantee may use the funds. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the State awarding agency. Also, if authorized by the State program, unobligated balances may be carried over and charged for obligations of the subsequent funding period. Obligations mean the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

Audit Objective – Determine whether State funds were obligated within the period of availability and obligations were liquidated within the required time period.

Suggested Audit Procedures
1. Review the award documents and regulations pertaining to the program and determine any award-specific requirements related to the period of availability and document the availability period.
2. Test a sample of transactions charged to the State award after the end of the period of availability and verify that the underlying obligations occurred within the period of availability and that the liquidation (payment) was made within the allowed time period.
3. Test a sample of transactions that were recorded during the period of availability and verify that the underlying obligations occurred within the period of availability.
4. Select a sample of adjustments to the State funds and verify that these adjustments were for transactions that occurred during the period of availability.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

Compliance Requirements

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 conform with 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/agpurman.htm#P6_65.

Audit Objectives – Determine whether procurements were made in compliance with the provisions of the program requirements and any applicable laws, regulations, statutes or other provisions of the awarding State agency.

Suggested Audit Procedure
Test a sample of procurements to ascertain if the applicable laws and the awarding agency procedures were followed.

L. REPORTING

Financial Reporting
Innovative Approaches contractors are required to submit monthly expenditure and financial reports within 30 days after the end of the month that the services were provided.

Performance Reporting

Monthly:
- Submit invoices of expenses and supporting documentation within 10 days from the end of each month. Programs with a subcontract must include a monthly invoice completed by the subcontractor (failure to comply may result in loss of funding);
- Participate in monthly conference call meetings with the Contract Administrator;

Quarterly:
- Complete Desk Monitoring Tool (provided by Contract Administrator) in the 2nd and 4th Quarter;
- Participate in monitoring site visit with the DPH Contract Administrator in the 1st and 3rd Quarter;

Annually:
- Complete and submit the End of Year Performance Report.

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

Suggested Audit Procedures
1. Perform monthly review of submitted reports to ascertain whether they are properly formatted and completed.
2. Review amounts requested and compare with previous months for outliers or unreasonable expenditures.

3. Compare submitted workload with established objectives for the current fiscal year to track compliance with yearly objectives.

M. SUBRECIPIENT MONITORING

The contractor shall not subcontract any of the work contemplated under this contract without obtaining prior to written approval from the Division. Any approved subcontract shall be subject to all conditions of this contract. Only the subcontractors specified in the contractor’s application are to be considered approved upon award of the contract. The contractor shall be responsible for the performance of any subcontractor.

N. SPECIAL TESTS AND PROVISIONS

Consolidated Agreement System

The N. C. DHHS Division of Public Health is made up of six major sections, Health Promotion and Disease Prevention, Epidemiology, and Women’s and Children’s Health Services, Oral Health, Local Health Services, and Financial Management and Support Services Section. The Division 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 Agreements sets forth the more general requirements of the funding relationship between the State and local public health agencies. The respective requirements are detailed under the headings: Responsibilities of the Department (Local Public Health Unit); Funding Stipulations; Fiscal Control; Responsibilities of the State; and Compliance. More specific information related to program activity is set out in a document called the Agreement Addenda which detail outcome objectives (which may or may not be 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 being allocated 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 money 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 – The auditor should review Section B. FUNDING STIPULATIONS of the Consolidated Agreement before beginning an audit. The fourteen items of this Section describe much of the detailed information the auditor may be seeking during a review of these 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.