U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION

Federal Authorization: Section 516 of the Public Health Service Act
Public Health Service Act, Title XIX, Part B, Subpart II, as amended,
Public Law 102-321; 42 U.S.C. 300X; and 45 CFR, Part 96

State Authorization: General Statutes 122C-117, 122C-141, 122C-143.2; NCAC T10 .1159;
N. C. General Assembly, Extra Session 1994, Senate Bill 22*, An Act
to Appropriate Funds for Public School Coaches’ Mentor Training;
Senate Bill 150, Sec.32 and State Plan 2001: Blueprint for Change,
House Bill 381, Session Law 2001-437, Section 2, Objective 2.1.

N. C. Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services

Agency Contact Person – Program
Sarah Potter, Project Administrator
Community Wellness, Prevention and Health Integration Team
NC Division of MH/DD/SAS
3021 Mail Service Center
Raleigh, NC 27699-3021
(919) 715-5989
Sarah.Potter@dhhs.nc.gov

Agency Contact Person – Financial
Celia S. Cox
Budget and Finance
NC Division of MH/DD/SAS
3013 Mail Service Center
Raleigh, NC 27699-3013
Phone: (919) 715-2124
Celia.Cox@dhhs.nc.gov

N. C. DHHS Confirmation Reports:
SFY 2016 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: http://www.ncdhhs.gov/control/auditconfirmation.htm. At this site, click on the link entitled
“Audit Confirmation Reports (State Fiscal Year 2015-2016).” 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
2014-2016).”

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.
I. PROGRAM OBJECTIVES

Substance Abuse Primary Prevention

The definition of Primary Prevention Programs is those programs and services that are directed at individuals who have not been determined to require treatment for substance abuse. Comprehensive primary prevention programs should give priority to target population sub-groups that are at risk of developing a pattern of substance abuse. The terminology of universal, selective and indicated (IOM model) is used for this designation.

Universal - General

A Universal prevention strategy addresses the entire population (national, local community, school, and neighborhood) with messages and programs aimed at preventing or delaying the abuse of alcohol, tobacco, and other drugs. The mission of universal prevention is to prevent the problem. All members of the population share the same general risk for substance abuse, although the risk may vary greatly among individuals. Universal prevention programs are delivered to large groups without any prior screening for substance abuse risk. The entire population is assessed as at-risk for substance abuse and capable of benefiting from prevention programs.

Selective - Targeted

Selective prevention strategies target subsets of the total population that are deemed to be at risk for substance abuse by virtue of their membership in a particular population segment – for example, children of adult alcoholics, dropouts, or students who are failing academically. Risk groups may be identified on the basis of biological, psychological, social, or environmental risk factors known to be associated with substance abuse (IOM 1994), and targeted subgroups may be defined by age, gender, family history, place of residence such as high drug-use or low-income neighborhoods, and victimization by physical and/or sexual abuse. Selective prevention targets the entire subgroup regardless of the degree of risk of any individual within the group. One individual in the subgroup may not be at personal risk for substance abuse, while another person in the same subgroup may be abusing substances. The selective prevention program is presented to the entire subgroup because the subgroup as a whole is at higher risk for substance abuse than the general population. An individual’s personal risk is not specifically assessed or identified and is based solely on a presumption given his or her membership in the at-risk subgroup.

Indicated - Targeted

The definition of Indicated Prevention is those programs and services that are directed individuals who are experiencing early signs of substance abuse and other related problem behaviors associated with substance abuse and target them with special programs. The individuals identified at this stage, though experimenting, have not reached the point where clinical diagnosis of substance abuse can be made. Indicated prevention approaches are used for individuals who may or may not be abusing substances but who exhibit risk factors such as school failure, interpersonal social problems, delinquency, and other antisocial behaviors, and psychological problems such as depression and suicidal behavior, which increases their chances of developing a drug abuse problem. In the field of substance abuse, an example of an indicated prevention intervention would be a substance abuse program for high school students who are experiencing a number of problem behaviors, including truancy, failing academic grades, suicidal ideation, and early signs of substance abuse.
**Strengthening Families Program**

The Strengthening Families Program (SFP) is a family skills training program designed to reduce risk factors for substance use and other problem behaviors in high-risk children of substance abusers including behavioral problems, emotional, academic and social problems. SFP builds on protective factors by improving family relationships, parenting skills, and improving the youth’s social and life skills. The Strengthening Families Program is based on skill building and is designed to teach parents and children strategies that enhance emotional competence and interpersonal functioning in areas specific to their roles. Pre group and post group parent and child/youth assessments and retrospective surveys: a minimum of two home visit assessments where measures directly associated with the program curriculum are used to assess family members’ progress developing behaviors targeted by the program. According to the IOM model, this is an indicated program.

**Teen Smoking Prevention and Cessation Initiative**

A component of the mission of the Governor’s Institute on Substance Abuse contract is aimed at assessing and reducing youth access to tobacco products by persons under the age of 18 and increasing the availability of smoking cessation services for adults in NC, particularly for mental health and substance abuse consumers. Because of the strong link between the initiation of youth smoking and exposure to adult smoking, the three activities of this contract that relate to this mission are:

1. Offer provider education and training to substance abuse prevention/counselors, healthcare providers, mental health staff, etc. on evidence based practices for tobacco cessation and to promote QuitlineNC and other tobacco cessation resources.
2. Provide tobacco prevention programs and services aimed at preventing youth tobacco use and reducing youth access to tobacco products.
3. Determine the state’s official rate at which youth can purchase tobacco products, using a scientifically sound survey of retail tobacco outlets, with the aim of reducing tobacco sales to minors to 20% or less.

**Coach Mentor Training Program**

The Student Services Division of the North Carolina High School Athletic Association (NCHSAA) plans, administers and provides for all programs and services through the Coach Mentor Training Program.

The Coach Mentor Training Program, funded by action of the State Legislature during the 1994 Extra Session (Senate Bill 150), is a continuing program. The current State Plan provides selective prevention services to targeted risk groups of children and adolescents who are identified on the basis of biological, psychological, social or environmental risk factors associated with substance abuse.

The program components consist of three core programs including two targeting student athletes (DREAM Team and SASI) and one targeting school teams of student athletes, coaches, and parents (Coach and Captain Retreat). Training and services focus on leading alcohol, tobacco, and other drug free lives while developing skills in the areas of leadership development, sportsmanship, and role modeling. Interrelated training program components provide students a pathway to practice and expand those skills throughout high school student athletic careers. Three ancillary programs include 1) Peer Athlete Team Helpers (PATH), a program that trains varsity students to mentor younger athletes; 2) Fundamentals of Coaching, a comprehensive coaches’ education program; 3) Accredited Interscholastic Coach, a certification program for coaches’ beyond the fundamentals; and 4) the STAR Sportsmanship education program, a state-wide program teaching sportsmanship, character education, critical thinking skills and steroid and drug education to student athletes, coaches and parents. In addition, the Student Leadership
Conference held during the spring semester hosts student athletes and their coaches for a day of workshop sessions focusing on a variety of leadership topics.

All annual reports are presented to the agency in July, while copies are on file at the NCHSAA.

II. PROGRAM PROCEDURES

Substance Abuse Primary Prevention

1. Information Dissemination: This strategy provides awareness and knowledge of the nature and extent of alcohol, tobacco, and drug use, abuse and addiction and their effects on individuals, families and communities. It also provides knowledge and awareness of available prevention programs and services. Information dissemination is characterized by one-way communication from the source to the audience, with limited contact between the two. Examples of activities conducted and methods used for this strategy include the following:
   a. Clearinghouse/information resource center(s);
   b. Resource directories;
   c. Media campaigns;
   d. Brochures;
   e. Radio/TV public service announcements;
   f. Speaking engagements;
   g. Health fairs and health promotion, e.g. conferences, meetings, seminars; and
   h. Information lines/Hot lines.

2. Education: This strategy involves two-way communication and is distinguished from the Information Dissemination strategy by the fact that interaction between the educator/facilitator and the participants is the basis of its activities. Activities under this strategy aim to affect critical analysis (e.g., of media messages) and systematic judgment abilities. Examples of activities conducted and methods used for this strategy include the following:
   a. Ongoing classroom and/or small group sessions (all ages);
   b. Parenting and family management classes;
   c. Peer leader/helper programs;
   d. Education programs for youth groups;
   e. Children of substance abusers groups;
   f. Mentors; and
   g. Preschool ATOD prevention programs.

3. Alternatives: This strategy provides for the participation of target populations in activities that exclude alcohol, tobacco and other drug use. The assumption is that constructive and healthy activities offset the attraction to, or otherwise meet the needs usually filled by alcohol, tobacco and other drugs and would, therefore, minimize or obviate resort to the latter. Examples of activities conducted and methods used for this strategy include the following:
   a. Drug free dances and parties;
   b. Youth/adult leadership activities;
   c. Community drop-in centers;
   d. Community service activities;
   e. Outward bound; and
   f. Recreation activities.
4. **Problem Identification and Referral:** This strategy aims at the identification of those youth who have indulged in illegal/age-inappropriate use of tobacco or alcohol and those individuals who have indulged in the first use of illicit drugs in order to assess if their behavior can be reversed through education. It should be noted, however, that this strategy does not include any activity designed to determine if a person is in need of treatment. Examples of activities conducted and methods include the following:
   a. Marketing of Employee Assistance Programs; and
   b. Student Assistance Programs.

5. **Community-Based Process:** This strategy aims to enhance the ability of the community to more effectively provide prevention and treatment services for alcohol, tobacco and drug abuse disorders. Activities in this strategy include organizing, planning, enhancing efficiency and effectiveness of services implementation, inter-agency collaboration, coalition building and networking. Examples of activities conducted and methods used for this strategy include the following:
   a. Community and volunteer training, e.g., neighborhood action training, training of key people in the system (impactor training), staff/officials training;
   b. Systematic planning;
   c. Multi-agency coordination and collaboration;
   d. Accessing services and funding; and
   e. Community team-building.

6. **Environmental:** This strategy establishes or changes written and unwritten community standards, codes and attitudes, thereby influencing the incidence and prevalence of the abuse of alcohol, tobacco and other drugs used in the general population. This strategy is divided into two subcategories to permit distinction between activities which center on legal and regulatory initiatives and those which relate to the service and action-oriented initiatives. Examples of activities conducted and methods used for this strategy include the following:
   a. Promoting the establishment and review of alcohol, tobacco and drug use policies in schools;
   b. Guidance and technical assistance to communities on monitoring to maximize local enforcement procedures governing availability and distribution of alcohol, tobacco and other drug use;
   c. Modifying alcohol and tobacco advertising practices; and
   d. Product pricing strategies.

**Strengthening Families Program**

SFP provides 14 weekly 2-hour meetings. It includes three separate components:

1. Parent Training,
2. Children’s Skills Training and

Parents learn to increase desired behaviors in children by using attention and reinforcements, communication, substance use education, problem solving, limit setting and maintenance.

Children learn communication, understanding feelings, social skills, problem solving, resisting peer pressure, questions and discussion about substance use, and compliance with parental rules. Families practice therapeutic child-play and conduct weekly family meetings to address issues, reinforce positive behavior and plan activities together. SFP uses creative recruitment and retention strategies such as transportation, childcare and family meals to ensure that families can participate without these worrying about these barriers.
Positive outcomes have been found in a number of independent program evaluations. Outcome results are based on pre-post-and six months follow-up measures show that the three component design is most powerful. SFP improved child risk status in three areas: (1) children’s problem behaviors, emotional status and prosocial skills; (2) parents parenting skills; and (3) family environment and family functioning.

SFP significantly improved family relationships; family organization, reduced family conflict and increase family cohesion were found. Also, sibling relationships, ability to think of family-oriented activities, clarity of rules and less social isolation by parents were found. Parents reported significantly decreased drug use, depression, use of corporal punishment and increased parental efficacy. Children showed improvements in impulsivity, behaving well at home and fewer problem behaviors in general. Children also report less intention to use tobacco and alcohol.

There is funding for up to 3 programs. Each site has to see 25 families between the two SFP Programs 6-12 and 10-14. Eligible participants must be families who have children 6-14, who are at risk for substance use disorders (i.e., children of substance abusers).

**Teen Smoking Prevention and Cessation Initiative**

Program objectives will be accomplished by the Governor’s Institute on Substance Abuse through the following activities:

- Organize and disseminate Red Flag Retailer Education program materials to retailers and substance abuse prevention providers as well as other local groups/agencies working on merchant education activities.
- Provide one Breathe Easy, Live Well training as needed and provide technical assistance for professionals, consumers groups and/or staff at group homes or facilities providing the curriculum.
- Coordinate approximately three regional prevention provider workshops on strategies and tools to reduce youth access to tobacco.
- Host the annual Breathe Easy NC coalition meeting with partners to assess progress towards achieving 2016 targets.
- Host a two-day behavioral health conference for MH/SA professionals, staff and consumer organizations.
- Provide technical assistance and maintenance to the North Carolina Store Mapper website which provides youth access to tobacco products data to local providers through a contract with Counter Tools.
- Support up to five speakers on nicotine dependence treatment and addiction at consumer and MH/SA professional conferences.
- Promote and disseminate Quitline NC information to providers, consumer organizations and/or staff as well as other groups in need of tobacco cessation materials.
- Assist in providing technical assistance, training and resources to Local Management Entities and prevention staff on youth tobacco access data/strategies and the Red Flag Retailer Education Program.
- Provide Services to conduct the annual scientifically sound survey of (700-1,000) retail tobacco outlets in order to measure the overall level of compliance with NC’s law regarding youth access/sales of tobacco products. Approximately 23 to 29 counties are to be inspected by June 30, 2016.

**Coach Mentor Training Program**
The legislative directive is addressed by offering a comprehensive set of training seminars and programs annually to student athletes, coaches, other educational personnel, and parents. The training focuses on both risk and protective factors present in the everyday lives of student athletes. The training activities within the program are research-based and are evaluated annually by an external evaluator using quantitative and qualitative methods. In conducting the evaluation, among other things, the focus shall be on directing youth toward long-term positive and productive non-criminal behavior by offering youth life skills training.

Major training projects within the program such as SASI, D.R.E.A.M. Team, Coaches Education Program, and Coach & Captain Retreat are institutionalized in the North Carolina school systems. These activities are reviewed annually and modified using current research findings and emerging needs of high school athletes.

The 2015-16 Coach Mentor Training Program has five (5) program goals and one (1) compliance-reporting goal. The goals are accomplished through implementation of three (3) science based programs along with proven strategies that address and support the prevention programs. These programs, the Daring to Role Model Excellence As Athletic Mentors (DREAM), Student Athlete Summer Institute (SASI), and the Coach Captain Retreat, are programs with multiple activities that incorporate protective factors that address risk and provide positive reinforcement to the participants.

### Output 1

Student athletes from a minimum of 100 high schools will receive training as mentors, role models, and leaders through three (3) comprehensive research-based programs offered through the Coach Mentor Training Program.

### Output 2

Coaches and other school personnel from a minimum of 50 high schools will receive training as mentors, role models, and leaders through (a) the Coaches Education program—a training program leading to national certification—and (b) Coaches Workshops held at the request of the school district.

### Strategies:

- **Provide prevention services and leadership training to coaches, student athletes and parents.**
  - **Activities:** Leadership group retreat presentations, leadership group planning, role modeling activities, leadership implementation as school ambassadors, team building activities, survey evaluation.

- **Support the improvement of student athlete performance in academic achievement, school attendance, graduation rates, and peer relationships.** Student athletes participating in Coach Mentor Training Programs will not drop out from school and will be on track to graduate with their respective classes.
  - **As a group, student athletes participating in Coach Mentor Training Programs will improve peer relationships by decreasing the number of behavior referrals to the school administration when comparing referrals for 2014-15 with 2015-16.**
    - **Activities:** Peer to peer role modeling, team support activities, resiliency skill building, tutoring, and leadership training programs.
  - **At the end of the 2015-16 program a minimum of 75 percent of student athletes who participated in the Coach Mentor Training Program will demonstrate resiliency skills against poor sportsmanship during the school year.**
    - **Activities:** Coach mentoring, leadership training, team building, and sportsmanship education presentations.

- **Expand the overall program by serving an increased number of student athletes and adults and by adding innovative and effective training programs to the program initiative.**
• An ongoing search to continue adding science-based (research-based) innovative training program to the Coach Mentor Training Program that targets student athletes.
  o Activities: Program marketing presentations, evaluation publication, quality improvement integration, science-based prevention research.

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The DHHS/Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS) mandates that all the testing included within the crosscutting section be performed by the local auditors. Please refer to that section, which is identified as “DMH-0” for those mandated requirements.

A. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement

Substance Abuse Primary Prevention

Programs should include activities and services provided in a variety of settings, that address specific risk factors, and that may be broken down by age, race/ethnicity, gender, and other characteristics of the population being served. (SAMHSA, 45 CFR Part 96, March 31, 1993).

Unallowed activities in SAPTBG primary prevention programs are any activities that were provided to clients who have a diagnosis of substance abuse or dependence. Early Intervention activities which were previously counted as part of the SAPTBG 20% prevention set-aside may not any longer be counted towards the required 20% primary prevention set-aside in the new SAPTBG regulations.

Strengthening Families Program

Allowed Activities (for each program site):

Hiring of one full-time site coordinator, one part time substance abuse counselor (master’s level), one full time substance abuse prevention professional (certified) and 3 part-time (contract) substance abuse professionals (counselors) to provide coordination, facilitation, case support, home visits, transportation parenting skills and other services for participants who meet the eligibility criteria.

• Support of the personnel positions including travel, training, supervision, support staff and other related costs.
• Rent, utilities, office supplies, incentives, advertising and other necessary items to operate the program
• Quarterly meetings with all sites funding prove to be instrumental to the success of the program. Curricula training is provided free of charge in both curricula and other related training if funds are available to pay for trainers.
• Sites must follow the curricula exactly as it is written. They must use specific screening tools that were designed for the SFP program. Home visits must be completed on each participant. Pre and post tests are also conducted and used to aid in evaluation of the program. All sites must participate in the evaluation process. An independent evaluator is hired to analyze the data collected from the sites. Sites are also required to participate in quarterly meetings and other statewide training that is offered.

Unallowed Activities:
Sites are not allowed to purchase computer equipment without approval from State program administrator. Services to participants who do not meet the eligibility requirements are not allowed.

**Teen Smoking Prevention and Cessation Initiative**

Funds provided to the Governor’s Institute on Substance Abuse may be used to offer services to increase the availability of smoking cessation services across the State (i.e. provider education and trainings, materials and other support services); to implement tobacco prevention programs/activities to reduce youth use and access to tobacco products; and to conduct a scientific survey of a random sample of NC retail outlets that sell tobacco products to test compliance with the State’s youth access to tobacco products law (NCGS 14-313).

**Coach Mentor Training Program**

1) Preparation of mentors, role models, and leaders.
2) Prevention training in alcohol and drug abuse, school failure, and teen pregnancy.
3) Activities to promote academic performance, school attendance, graduation rates, and peer relationships.
4) Activities to promote respect, teamwork, and sportsmanship attitudes
   - Sportsmanship and ethic topics;
   - Popular interactive training activities;
   - Citizenship Through Sports workshop; and
   - Awards of trophies, plaques, banners, certificates and financial incentives.
5) Expansion of training program

**B. ALLOWABLE COSTS/COST PRINCIPLES**

**Compliance Requirement**

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. (Note: Pending the change in reference from OMB Circular A-87 to 2 CFR, Part 200 Subpart E – Cost Principles.)

Certain expenditures are considered non-allowable and are not included in the cost allocation. Fixed assets and moveable assets costing $5,000 or more must be reported on the cost finding as assets. (Moveable assets costing less than $5,000 may be directly expensed.)

The Substance Abuse Prevention and Treatment Block Grant, the following apply except as indicated:

Funds must be expended or earned in accordance with the Performance Agreement between the Division of MH/DD/SAS and the Area Authority, including amendments via individual allocation letters.

Funds designated for substance abuse may be used for planning, establishing, maintaining, coordinating and evaluating projects for the development of more effective prevention and treatment programs and activities to deal with substance abuse (42 U.S.C. 300x-3(a)(1) 1989 Revision).

**C. CASH MANAGEMENT**
These funds are disbursed on a reimbursement basis; therefore, Cash Management should not be tested at the local level.

E. ELIGIBILITY

Compliance Requirement

Substance Abuse Primary Prevention Programs
In accordance with the Substance Abuse Prevention and Treatment Block Grant regulations, 45 CFR Part 96, Subpart L, any program earning or expending these funds for substance abuse primary prevention services shall provide such services for individuals who do not have a diagnosis of substance abuse or dependence and who do not require treatment for substance abuse in accordance with the definition and strategies for primary prevention programs outlined below and shall:

a. provide programs for individuals who do not require treatment for substance abuse;
b. educate and counsel the individuals on such abuse;
c. provide for activities to reduce the risk of such abuse by the individuals;
d. give priority to programs for populations that are at risk of developing a pattern of such abuse; and
e. ensure that programs receiving such priority develop community-based strategies for prevention of such abuse, including strategies to discourage the use of alcoholic beverages and tobacco products by individuals to whom it is unlawful to sell or distribute such beverages or products.

The definition of Primary Prevention Programs is those programs and services that are directed at individuals who have not been determined to require treatment for substance abuse. Comprehensive primary prevention programs should give priority to target population sub-groups that are at risk of developing a pattern of substance abuse.

Strengthening Families Program
Eligible participants must be families who have children 6-14, who are at risk for substance abuse (i.e. children of substance abusers).

Teen Smoking Prevention and Cessation Initiative
The services provided by Governor’s Institute on Substance Abuse contract are aimed primarily at providers/agencies interested in providing youth access to tobacco prevention services; offering smoking cessation services in their local communities, particularly to mental health and substance abuse consumers; and then to adults who want to quit their tobacco use (promotion of QuitlineNC services).

Coach Mentor Training Program
North Carolina high school student athletes in grades 9-12 are the primary target population. Secondary target populations are coaches, athletic directors, administrators, and teachers. Parents of student athletes may receive services through training components designed to include them.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Compliance Requirement
Equipment Management

This requirement refers to tangible property that has a useful life of more than one year and costs of $5,000 or more. Such equipment may only be purchased per the conditions of the approved contract or grant agreement. Should the contract be terminated, any equipment purchased under this program shall be returned to the Division.

Real Property Management

This requirement does not apply to DMH/DD/SAS contracts.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Compliance Requirement

Matching: Services provided through the North Carolina High School Athletic Association, Inc. contract with DMH/DD/SAS must provide a 10% match to contract funding.

Level of Effort: Block grant funds allocated shall be used to supplement and increase the level of State, local and other non-federal funds and shall, in no event, supplant such State, local and other non-federal funds. If block grant funds are reduced, the LME-MCO may reduce its participation in a proportionate manner.

Earmarking: Each LME-MCO shall designate and expend no less than 20% (twenty percent) of the LME-MCO’s total SAPTBG funding* for the provision of substance abuse primary prevention services, and shall maintain adequate fiscal and programmatic records of such expenditures for SAPTBG reporting purposes. (*this amount excludes any SAPTBG Cross Area Service Program funds designated for special populations)

H. PERIOD OF PERFORMANCE

This requirement does not apply at the local level. For SAPTBG, Federal funds through the SPF-SIG Initiative are awarded up to a 5 year period.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

Compliance Requirement

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/.

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.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf.

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

This requirement does not apply.

L. REPORTING

Compliance Requirement

Substance Abuse Primary Prevention Programs

Each LME-MCO is required to semi-annually submit to the Division the “Local Management Entities/Managed Care Organization Report of SAPTBG 20% Set-Aside Funds for Substance Abuse Primary Prevention Programs” to provide an accounting of the expenditure of funds for Substance Abuse Primary Prevention Programs in an amount equal to or greater than 20% of the total SAPTBG funds allocated to the LME-MCO. This reporting is done by the LME-MCO’s via the Semi Annual and Year End compliance reports.

Progress and Financial Reports (Contract Reporting):

- Grantees must provide quarterly and final progress reports. The final progress report must summarize information from the quarterly reports, describe the accomplishments of the project, and describe next steps for implementing plans developed during the grant period.
- Grantees must provide quarterly and final Financial Status Reports (FSRs).

M. SUBRECIPIENT MONITORING

Compliance Requirement

Monitoring is required if the agency disburses or transfers any State funds to other organizations, except for the purchase of goods or services, the grantee shall require such organizations to file with it similar reports and statements as required by G. S. §143C-6-22 and 6-23 and the applicable prescribed requirements of the Office of the State Auditor’s Audit Advisory #2 (as revised January 2004) including its attachments. 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 and the audit procedures outlined in the DMH-0 Crosscutting Supplement.

N. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

All grantees are required to comply with the N. C. Department of Health and Human Services and the Division of Mental Health, Developmental Disabilities and Substance Abuse Services records retention schedules and policies. Financial records shall be maintained in accordance with established federal and state guidelines.

The records of the contractor 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.
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 DHHS/DMH/DD/SAS.

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.

Audit Objectives

a. To ensure compliance with the DHHS and DMH/DD/SAS 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 are in compliance with DHHS-DMH/DD/SAS record retention schedules and policies;
b. Review contract/grant agreement, identify any special requirements; and
c. Verify if the requirements were met.

Conflicts of Interest and Certification Regarding 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 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. 143C-6-23(c)).

G. S. 143C-6-23(b) stipulates that every grantee shall file with the State agency disbursing funds to the grantee a copy of that grantee’s policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee’s employees or members of its board or other governing body, from the grantee’s disbursing of State funds, and shall include actions to be taken by the grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the grant funds.

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.