SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES:
PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE: DISCRETIONARY – STRATEGIC PREVENTION FRAMEWORK (SPF)

State Project/Program: PRESCRIPTION DRUG PREVENTION (SPF-RX) PARTNERSHIPS FOR SUCCESS (SPF-PFS)

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


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N. C. DHHS Confirmation Reports:
SFY 2017 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/auditconfirms.htm. At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2016-2017).” 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 2016-2017).”

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:

To carry out the state plan by providing comprehensive substance abuse prevention and treatment services, the Division of Mental Health, Developmental Disabilities and Substance Abuse Services was awarded two grants from the Substance Abuse and Mental Health Services Administration (SAMHSA) to reduce and prevent the prescription drug misuse and abuse in the state. These grants target specific geographical areas and populations and were awarded based on several criteria using a data-driven selection process.

Primary prevention programs are those programs and services that are directed at individuals who have not been determined to require treatment for substance abuse. These comprehensive primary prevention programs give priority to target population subgroups that are risk of developing a pattern of substance abuse.

This compliance supplement pertains to the two Strategic Prevention Framework (SPF) programs funded by SAMHSA:

- Prescription Drug Prevention (SPF-Rx)
- Partnerships for Success (SPF-PFS)

This is the first year of a five year grant for the SPF-Rx grant. The grant award for FFY 2016 is $371,616 which includes central office grant administration and allocations to the LME-MCOs that oversee services in the five counties that are targeted for this grant. These LME-MCOs are Eastpointe, Trillium Health Resources, Vaya Health and Cardinal Innovations.

This is the fourth year of a five year grant for the SPF-PFS grant. The grant award for FFY 2016 is $1,507,564 which includes central office administration and allocations to the four LME-MCOs that oversee services in the thirteen counties that were selected for participation in this grant program. The LME-MCOs are Vaya Health, Cardinal Innovations, Partners, Eastpointe, and Trillium Health Resources.

**Strategic Prevention Framework - Prescription Drug Prevention (SPF Rx)**

The purpose of the SPF Rx grant is to strengthen existing efforts to prevent prescription drug misuse and abuse by employing culturally relevant, evidence based strategies and interventions. The NC-SPF-Rx Initiative prevention activities target youth ages 12-17 and adults 18 and older. Five counties based on data indicators were identified -- Columbus, Dare, Mitchell, Nash, and Stokes.

The NC SPF-Rx Initiative aligns itself with SAMHSA’s Strategic Initiative 1, focusing on Goal 1: Prevention of Substance Abuse and Mental Illness. SPF-Rx has two priorities: 1) educate and raise community awareness about the dangers of sharing medications and 2) work with pharmaceutical and medical communities on the risk of overprescribing to young adults. Other prevention resources are directed towards prescription drug misuse among adults 18 years and older. The Initiative addresses the main goals of preventing the onset and reducing the progression of substance use and related problems in high-need/high capacity communities through strengthening prevention capacity/infrastructure and leveraging, redirecting and aligning the state-wide funding streams and resources for prevention. The accomplishment of these goals is done within a culturally responsive prevention system, relevant and consistent data systems, and implementation of evidence-based/informed strategies to improve the health and well-being of North Carolina citizens.
The SPF Rx grant program directly supports the goals of SAMHSA’s Strategic Initiative. NC SPF-Rx promotes the adoption of evidence-based/informed strategies (programs, practices and polices) to deliver appropriate prevention outcomes and to establish an effective infrastructure to build resiliency and prevent prescription drug abuse and misuse.

Building on SAMHSA’s Strategic Initiative Goal 1: Prevention of Substance Abuse and Mental Illness, the following goals are addressed in a conceptual model that will produce the overall outcomes for the project and implement in the five-year timeline.

The goals and objectives for the SPF-Rx are:

**Goals and Objectives:**

Goal 1: Raise community awareness and educate about the dangers of sharing medications.

Objectives:
(1.1) Increase awareness and educate about risks associated with sharing medications
(1.2) Increase awareness and educate about secured storage of prescription drugs
(1.3) Increase awareness and educate about proper disposal of expired and/or no longer needed prescription drugs.

Goal 2: Work with the pharmaceutical and medical communities on the risks associated with overprescribing to young adults.

Objectives:
(2.1) Increase awareness about the safer prescribing practices
(2.2) Decrease the young adult prescribing rate
(2.3) Increase the registration and utilization of Prescription Drug Monitoring Program (PDMP)

**Strategic Prevention Framework- Partnerships for Success (SPF-PFS)**

By building statewide capacity and supporting the development of partnerships with local communities, the state of North Carolina utilizes the Strategic Prevention Framework-Partnerships for Success (SPF-PFS) cooperative agreement to promote the adoption of evidence/practice-based strategies to address prescription drug misuse/abuse. This cooperative agreement strengthens the state’s current prevention infrastructure at the local level by developing a systematic, on-going monitoring system for substance abuse related consumption patterns and consequences and tracks progress on performance measures that address prevention priorities, trends, and outcomes. Of the nine million residents of North Carolina, the population targeted to be served by this grant focuses on impacting individuals 21 years old and under (30% of the population), their families and the community environments in which they live.

The SPF-PFS Initiative is aligned with SAMHSA’s Strategic Initiative #1, with a specific focus on Goal #1: Prevention of Substance Abuse and Mental Illness. SPF-PFS prioritizes preventing prescription drug misuse and abuse among persons aged 12 to 21. Other prevention resources are directed toward the college age population for prescription drug misuse (ages 21-25). Thirteen counties were identified based on the criteria described as being high need. These counties are Robeson, Rowan, Randolph, Cabarrus, Rockingham, Brunswick, Gaston, Burke, Davidson, Iredell, Cleveland, Henderson and Watauga.
The SPF-PFS initiative addresses the main goals of preventing the onset and reducing the progression of substance use and substance use-related problems in these high-need communities, as well as strengthening prevention capacity/infrastructure, and leveraging, redirecting and aligning statewide funding streams and resources for prevention. The expectation is that the accomplishment of these goals will result in a culturally responsive prevention system, relevant and consistent data systems, and implementation of evidence-based/informed strategies to improve the health and well-being of North Carolina citizens.

The goals and objectives for the SPF-PFS are:

**Goals and Objectives:**

**Goal 1:** Implement a process and procedure for tracking, monitoring and evaluating substance abuse prevalence and consequence data and systems for preventing underage drinking and prescription drug abuse.

Objectives:

1. Review community level social indicator study report to determine the nature and magnitude of problems associated prescription drug abuse
2. Invite selected clusters of sub-recipient communities to participate in the PFS initiative
3. Provide training and technical assistance for identifying evidence-based strategies
4. Disseminate a model for implementation and fidelity monitoring of evidence-based strategies at community level

**Goal 2:** Reduce prescription drug abuse/misuse focusing on 12-25 year olds.

Objectives:

1. Increase percentage of youth and parents taking drugs as prescribed
2. Increase awareness and appropriate disposal of prescription drugs
3. Increase communication of policies regarding appropriate use in the home, and school environment

**II. PROGRAM PROCEDURES**

**Prescription Prevention Framework - Prescription Drug Prevention (SPF Rx)**

**Prescription Drug Statewide Conference:** The event provides an opportunity for medical and pharmaceutical professionals, prevention and treatment specialists, coalition members, school counselors, administrators and educators, DSS, social workers, parents, law enforcement, and the faith-based community to learn key strategies and best practices to prevent prescription drug abuse and misuse. The goal is for attendees to understand the risks associated with sharing medicines as well as safe storage and proper disposal of prescription drugs.

**Dispenser Webinar:** Using the PDMP training module, this virtual activity consists of focused content on the risks of overprescribing to young adults and incorporate the use of the program into pharmacy practice. More specifically, its purpose is to identify and prevent diversion of prescribed controlled substances, reduce morbidity and mortality from unintentional drug overdoses, reduce the costs associated with the misuse and abuse of controlled substances, assist clinicians in identifying and referring for treatment patients misusing controlled substances, reduce the cost of
law enforcement investigations of diversion and misuse, and firstly, inform the public, including
health care professionals, of use and abuse trends related to prescription drug.

**Three Regional “Safer Prescribing” Trainings:** “The ABCs of Pain Management for the
Specialist and Non Specialist Alike” workshop provides a primer in basic knowledge and skills
related to chronic pain management for primary care (PC) and addiction medicine (AM) clinicians
or those otherwise new to chronic pain management.

**SPF-Rx Training & Technical Assistance:** The state provides on-going coordinated training and
technical assistance to the five targeted areas. Utilizing the SAMHSA’s Opioid Overdose
Prevention Toolkit as a resource, communities implement activities focused on evidence-based
policies, practices, and programs. A digital “Parent and Student Tool-Kit” with promotional
materials and information on prescription drugs, and how to host an awareness and educational
events will be produced from these trainings.

**Strategic Prevention Framework- Partnerships for Success (SPF-PFS)**

The 13 subrecipient communities work in conjunction with the Internal Management Team (IMT)
to ensure that specific, targeted strategies are implemented, monitored, and evaluated. The SPF-
PFS identifies specific evidence-based/informed strategies that impact overall substance abuse,
targeting those under 26, and emphasizing appropriate use and disposal of medications and
refraining from inappropriate prescription drug use.

**Lead and Seed:**

All counties have received training in the **Lead & Seed** youth empowered, environmental
approach to preventing and reducing drug use and prescription drug misuse in a community. Lead
& Seed is an evidence-based, drug prevention program included in the National Registry of
Evidence-based Programs and Practices. Each county train adult leaders and youth to train other
adults and youth as well as other community volunteers.

**Statewide Media Campaign:**

Lock Your Meds Media Campaign materials are disseminated in each of the thirteen subrecipient
communities. Billboards, community rack cards, posters and parent rack cards for the NC Media
Campaign are used in all 13 sites in their communities and for expansion to other communities
within PFS counties that are requesting to use this strategy.

**Implementation of Evidence-Based Practices**

Evidence-Based Practice Training and curricula are implemented in the 13 counties.
These curricula include Lead and Seed, Allstars, Project TND and curricula identified in the
National Registry of Effective Programs and Practices to provide the community with strategies to
increase awareness of the prescription drug problem and ways to promote safe use of prescription
drugs.

**Training and Technical Assistance**

Research Triangle Institute (RTI) provides intensive technical assistance and training in evidence-
based practices and process evaluation to the thirteen subrecipient communities.
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

Allowable activities under both grants are those activities that are aligned with the Program Objectives and Program Procedures for each grant as outlined above.

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.)

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 use 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).

SPECIAL CONDITIONS:

1. The award of these funds shall not be used by a county or LME-MCO as a basis to supplant any portion of a county’s commitment of local funds to the area authority or LME-MCO;
2. If these funds shall be used to support a new service for which a license and/or accreditation is required, such licensure/accreditation shall be completed prior to the delivery of services.
3. If these funds shall be used for a new service which does not have an established reimbursement rate, a new Service Objective Form must be submitted and approved by the Division before any payments will be made;
4. The funds provided shall not be used to supplant Federal or non-Federal funds for services or activities which promote the purposes of the grant or funding;
5. The funds provided shall not be utilized to supplement any reimbursement for services or staff activities provided through the NC Medicaid Program;
6. The funds provided shall not be utilized to supplement any reimbursement for services or staff activities supported through the Division’s payment of other UCR or non-UCR funds, without the prior written approval of the DMH/DD/SAS Assistant Director of Budget and Finance and the Chief of Addictions and Management Operations;
7. The funds provided shall be fully utilized, monitored, and settled in compliance with the conditions of the current Contract Agreement between the LME-MCO and DMH/DD/SAS, with the full adherence of the LME-MCO and its sub-recipient contractors to all applicable State and federal laws, rules, regulations, policies, guidelines, standards, agreements, protocols, plans, and communications.

8. Funds shall be used in accordance with SAMHSA’s standard funding restrictions:
   - Funds shall not be used for substance use or other treatment services covered by Medicaid reimbursement.
   - No purchases are allowed for any one item above $5,000 without prior written permission from DMH/DD/SAS.
   - Funds shall not be used for facility purchase, construction or renovation.

9. Funds shall be used in accordance with cost principles describing allowable and unallowable expenditures for nonprofit organizations in accordance with OMB Circular A-122;

10. SPF-Rx and SPF-PFS funds are prohibited to be used to make, or to allow to be made, any cash payments to any recipients or intended recipients of health or behavioral health services;

11. Agencies or organizations receiving federal funds are required to receive prior written approval from the Community Wellness, Prevention, and Health Integration Section Chief regarding the use of evidence-based program incentives, including the specification of the type(s) and equivalent dollar value(s) of any such nominal incentives offered, and the manner of utilization of any such approved incentives for clients, recipients, students, or other persons. The provision of cash is strictly prohibited, as is the provision of gift cards, which are considered to be cash equivalents. Programs are strictly prohibited from utilizing any incentive items that could potentially be converted to cash, or that could be used for the purchase of any age-restricted product, such as tobacco, alcohol, drugs, weapons, or lottery tickets or any sexually oriented materials or contraceptives.

12. SPF-Rx and SPF-PFS funds are prohibited to be used for the purchase or improvement of land, purchase, construction or permanent improvement (other than minor remodeling) of any building or other facility, or purchase of major equipment, including medical equipment;

13. SPF-Rx and SPF-PFS funds are prohibited to be used to satisfy any requirement for the expenditure of non-Federal funds as a condition of receipt of Federal funds. (i.e. Federal funds may not be used to satisfy any condition for any state, local or other funding match requirement);

14. SPF-Rx and SPF-PFS funds are prohibited to be used to provide financial assistance to any entity other than a public or nonprofit private entity;

15. SPF-Rx and SPF-PFS funds are prohibited to be used to provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs;

16. SPF-Rx and SPF-PFS funds are prohibited to be used to provide individuals with treatment services in penal or correctional institutions of the State (This includes jails, prisons, adult and juvenile detention centers, juvenile training schools, holding facilities, etc.);

17. SPF-Rx and SPF-PFS funds are prohibited to be used towards the annual salary of any contractor or subcontractor, including LME-MCO, provider, or contractor employee, consultant, or other individual that is in excess of Level I of the most current US Office of
Personnel Management Federal Executive Salary Schedule. This amount is currently designated for the calendar year effective January, 2016 at an annual salary of $205,700;

18. SPF-Rx and SPF-PFS funds shall not be utilized for law enforcement activities;

19. No part of any SPF-Rx or SPF-PFS funding shall be used for publicity or propaganda purposes, for the preparation, distribution, or use of any kit, pamphlet, booklet, publication, radio, television, or video presentation designed to support or defeat legislation pending before the Congress or any State legislature, except in presentation to the Congress or any state legislative body itself; No part of any SPF-Rx funding shall be used to pay the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence legislation or appropriations pending before the Congress or any state legislature. Funds shall be used in accordance with HHS Grant Policy Statements.

20. LME-MCOs are prohibited from withholding or deducting any portion of allocated federal funds for the support of any LME-MCO activity or function. All allocated funds are required to be fully contracted by the LME-MCO for approved expenditure by eligible non-profit sub-recipient organizations.

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

Prescription Drug Prevention Programs
Youth ages 12-17 and adults age 18 and over are eligible for participation in this program. The five counties of Columbus, Dare, Mitchell, Nash and Stokes have been targeted data indicators of a high rate of prescription drug use and misuse in these counties.

Partnerships for Success
Individuals ages 21 and under and their families who reside in the thirteen counties targeted for this program because of demonstrated high need and data indicators of prescription drug use and misuse are eligible for participation in this program. The identified counties are Brunswick, Burke, Cabarrus, Cleveland, Davidson, Gaston, Henderson, Iredell, Randolph, Rockingham, Robeson, Rowan and Wilkes.

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: There are no matching requirements for this program.

H. PERIOD OF PERFORMANCE

This requirement does not apply at the local level.

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 to 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

Financial Reports:

Federal funds are allocated outside of UCR, and approved expenditures shall be reported by the LME-MCO through the routine submission of monthly Financial Status Reports (FSRs). Any exceptions to the required timely reporting of federal funds expended, shall be approved in writing by the DMH/DD/SAS Assistant Director of Budget and Finance and the Chief of Community Wellness, Prevention and Health Integration.

Program Reports:

Prescription Drug Prevention Programs

The LME-MCO is required to ensure funded agencies: 1) submit quarterly monitoring information in accordance with the SAMHSA-CSAP SPF-Rx Evaluation Requirements and 2) enter program level reporting information into the DHHS data reporting systems as directed. Reports shall be submitted to Sarah.Potter@dhhs.nc.gov.
**Partnerships for Success**

The LME-MCO is required to ensure funded agencies: 1) submit the Community-Level Instrument (CLI-R) report and community outcomes data to the Program Evaluation for Prevention Contract (PEP-C) quarterly and biannually to DMH/DD/SAS and 2) submit monthly program level reports to Kendall.Wood@dhhs.nc.gov.

**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**

The counties designated for implementation of these two grants were targeted because of high need to address the priority problem of nonmedical use of prescription drugs in order to reduce the consequences of the nonmedical use of prescription drugs focusing on individuals in the targeted age groups, to strengthen the evaluation of prevalence and consequence data to prevent and reduce nonmedical use of prescription drugs and to reduce community risk factors and strengthen protective factors associated with nonmedical use of prescription drugs by employing the following strategies:

- **Deployment of evidence based community-wide prevention programs.** These include: Lead & Seed (environmental strategies for population level impact), PACT 360 and PACT 360Rx (engage parents of teens to impact their families and neighborhoods).

- **Work with schools to provide prevention programming for middle school, high school and college age students.** Schools are collaborating with the project and agree to help evaluate impact for young people.

- **Educate parents, teachers, faith leaders and other adult leaders** to ensure their ability to engage in productive conversations about prescription drug misuse during teachable moments while working with youth.

- **Media campaign and community awareness** via print, radio, TV and social media to increase awareness about the existence of and dangers associated with prescription drug misuse and abuse and the steps taken in the community to deal with those dangers.

- **Provide toolkits to college campuses** to inform and mobilize the campus to address the misuse and abuse of prescription medicines.

- **Increase proper disposal of medication by installing permanent prescription drug drop boxes, education on proper disposal, and work to expand disposal opportunities.**
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.