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**MATERNAL AND CHILD SERVICES BLOCK GRANT TO
THE STATES**

**State Project/Program: FAMILY STRENGTHENING INITIATIVE:
TRIPLE P (POSITIVE PARENTING PROGRAM)**

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: 42 United States Code Section 701-709

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

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N. C. DHHS Confirmation Reports:

SFY 2019 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: <https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>.

At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2018-2019)”. 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 2017-2019)”.

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.

This compliance supplement should be used in conjunction with the OMB 2019 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

Positive Parenting Program (Triple P <http://www.triplep-america.com>) is an internationally acclaimed multi-tiered system of evidence based parenting interventions (education and support for parents and caregivers of children and adolescents) that has the following overarching goals:

- To promote the independence and health of families through the enhancement of parents’ knowledge, skills, confidence, and self-sufficiency;

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- To promote the development of non-violent, protective, and nurturing environments for children;
- To promote the development, growth, health, and social competence of young children; and
- To reduce the incidence of child maltreatment and behavioral/emotional problems in childhood and adolescence.

II. PROGRAM PROCEDURES

The Family Strengthening Initiative: Triple P 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.

All local health departments/health districts are eligible to apply for funding. Funds were distributed to selected local health departments through a Request for Application process. To be eligible for funding, the local health department must demonstrate a capacity to successfully implement evidence-based parenting initiatives. The project cycle is three years, pending continued funding availability.

The program is managed and supported through the Health and Wellness Unit in the Children and Youth Branch, Division of Public Health. Additional technical assistance is provided by Triple P America, Inc. 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 may only be used for Triple P (Positive Parenting Program).

Funds will be awarded for the incremental costs that are associated with the implementation of the identified evidence-based programs. 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:

- Personnel cost for the preparation, facilitation, and follow-up required for the delivery of the selected program model;
- Cost of training and technical assistance from program developers or their assignees, including travel expense;
- Cost of technical assistance and coaching from program developers or designated North Carolina providers;
- Direct program expense including but not limited to materials, client transportation, childcare, required equipment, and required or developer recommended materials; and
- Community outreach to publicize the program and to identify and recruit program participants.

Note: *Travel cost should be computed at rates up to the current State regulations.*

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In recognition of the critical importance of maintaining program fidelity, the Division of Public Health requires local health departments to commit to the highest level of staff training available. However, only those costs associated with the specific training and technical assistance recommended and provided by program developers, their assignees, or designated North Carolina providers will be permitted as allowable expenditures.

Unallowed

Funds may not be used to supplant existing family strengthening programs.

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.

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- 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 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

The NC Division of Public Health uses the NC Institute of Medicine's (IOM) *New Directions* prevention program classification system to differentiate interventions according to the level of risk associated with the respective population served. The *New Directions* prevention categories are as follows:

- **Universal** interventions – are applied to general population with the goal of preventing child maltreatment from ever occurring. Universal strategies are available to everyone, rather than targeting populations based on risk factors or specific characteristics.
- **Selective** interventions – target activities to a group with specific risk factors with the goal of preventing child maltreatment from occurring in that group. Programs may target services to individuals, families, or communities based on risk factors such as children's special health needs, parental age, poverty, substance abuse, domestic violence, or maternal depression.
- **Indicated** interventions – target activities to a group that has experienced abuse or neglect with the goal of preventing child maltreatment from reoccurring in that group. An example includes parent training for parents who have been substantiated for abuse or neglect by a local department of social services.

Only programs that focus on **universal** or **selective** interventions are eligible for funding.

Programs that focus on **indicated** interventions will not be considered for funding.

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.

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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 PERFORMANCE

Compliance Requirements – State awards may specify a time period during which the grantee may use the State 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

Since the Maternal and Child Health Block Grant was created by the Omnibus Budget and Reconciliation Act (OBRA) of 1981, it is not subject to parts of the Uniform Guidance requirements found in 2 CFR Part 200, including the procurement requirements. However, they are subject to NC procurement law.

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 Procurement Manual accessible on the Internet at

http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf.

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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

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

The Local Health Department shall adhere to the following reporting requirement:

Submit data as required by the State and model developer (Triple P-America) that documents, at a minimum, the following:

- Process measures will include the number of clients served, number of education programs held and participants trained, the number of providers trained, the number of media events and other frequency data pertinent to the levels of Triple P implemented. In addition, pre- and post-testing of educational programs will be evaluated to assure successful training efforts.
- Positive impact on county level indicators such as a reduction to out-of-home placements numbers, a reduction in hospitalizations/ER visits for child maltreatment injuries, and fewer substantiated child abuse cases. Specific outcomes must be represented in the strategic plan to be defined during the six month planning phase.
- Clinical outcomes of the families served.

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.

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N. SPECIAL TESTS AND PROVISIONS

Consolidated Agreement System

The DHHS Division of Public Health is made up of six major sections, Chronic Disease & Injury, Environmental Health, Epidemiology, Women's and Children's Health, Oral Health, and Administrative, Local, and Community Support. 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.