

93.994

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

State Project/Program: GENETIC HEALTH CARE PROGRAM

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200

State Authorization: 10A NCAC 42H .0301-.0313

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

Agency Contact Person – Program

Marcia Fort
(919) 707-5630
Marcia.Fort@dhhs.nc.gov

Agency Contact Person – Financial

Patricia Ward
(919) 707-5075
Pat.Ward@dhhs.nc.gov

Address Confirmation Letters To:

SFY 2021 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 2020-2021)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except “[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2019-2021\)](#)”.

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.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2021 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

The purpose of the Genetics Program is to improve the quality of life by minimizing the impact of genetic disease, thus reducing infant mortality and morbidity. In North Carolina, about five percent of the population suffers from serious genetic disorders causing mental retardation, physical deformities and early death. In order to prevent the occurrence of these problems and disorders, it is essential to provide genetic counseling services for at-risk families and individuals. This service is provided by a team of medical experts trained in the field of clinical medical genetics. These experts are employed by the major medical centers. Thus, the Genetic Health Care Program contracts with three major medical centers and two community hospitals for the provision of comprehensive clinical genetic services which include a medical diagnostic evaluation, counseling, treatment, follow-up services and genetic education. Without the support of State funding, these services would not be accessible to the citizens of North Carolina.

II. PROGRAM PROCEDURES

The purpose of the Genetics Program is to improve the quality of life by minimizing the impact of genetic disease, thus reducing infant mortality and morbidity. In North Carolina, about five percent of the population suffers from serious genetic disorders causing mental retardation, physical deformities and early death. In order to prevent the occurrence of these problems and disorders, it is essential to provide genetic counseling services for at-risk families and individuals. This service is provided by a team of medical experts trained in the field of clinical medical genetics. These experts are employed by the major medical centers. Thus, the Genetic Health Care Program contracts with three major medical centers and two community hospitals for the provision of comprehensive clinical genetic services which include a medical diagnostic evaluation, counseling, treatment, follow-up services and genetic education. Without the support of State funding, these services would not be accessible to the citizens of North Carolina.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	Y	N	N	Y	Y	Y	Y	Y

A. Activities Allowed or Unallowed

Genetic Health Care funds may be used solely for the purpose of providing direct patient care, which includes genetic diagnostic evaluations, laboratory tests, counseling, treatment, follow-up services and genetic education. This is a general statement therefore it is necessary to refer to each contract and its Attachment A. All of the contractor’s work must be performed in compliance with 15A NCAC 21H .0306.

Funds shall not be used for the following (15A NCAC 21H .0306):

- Purchase or improvement of land;
- Purchase, construction, or permanent improvement (other than minor remodeling) of any building or other facility;
- Purchase of materials and equipment unless used primarily in the delivery of genetic services; or
- Provision of basic clinical research.

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 09 NCAC 03M.0201.

E. Eligibility

Any North Carolina resident suspected of having a genetic disorder can be referred for genetic services. No family is denied service because of inability to pay. Refer to 15A North Carolina Administrative Code 21H.0305.

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 in 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 the contract document.

I. Procurement and Suspension and Debarment

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Suggested Audit Procedures

- a. Test a sample of contracts and ascertain if the required suspension and debarment certifications were received for subawards and covered contracts.
- b. Test a sample of contracts to the List of Parties Excluded from Federal Procurement or Nonprocurement Programs, issued by the General Services Administration and ascertain if contracts were awarded to suspended or debarred parties.

J. Program Income

Any fees collected must be utilized only for the continuation and expansion of direct patient services. All fees must be budgeted during the fiscal year earned or within the subsequent fiscal year. All fees brought forward from the prior fiscal year shall be expended prior to expenditure of state appropriations (10A NCAC 42H .0309).

L. Reporting

1. Financial Reporting

Contractor must adhere to the financial reporting requirements as detailed in the contract. All income spent during each month must be reported on the monthly expenditure report (10ANCAC42H.0309).

2. Performance Report

The contractor must provide monthly expenditure and formative evaluation reports, prepare for and participate in monthly site visits and prepare and submit an annual program and expenditure report.

M. Subrecipient Monitoring

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

N. Special Tests and Provisions

Conflict 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 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.

Audit Objective – Determine whether the grantee has adopted and has on file, a conflict of interest policy, before receiving and disbursing State funds.

Suggested Audit Procedures

1. Ascertain that the grantee has a conflict of interest policy.
2. Check the policy and verify through board minutes that the policy was adopted before the grantee received and disbursed State funds.