93.391 **ACTIVITIES TO SUPPORT STATE, TRIBAL, LOCAL AND TERRITORIAL (STLT) HEALTH DEPARTMENT RESPONSE TO PUBLIC HEALTH OR HEALTHCARE CRISES**

State Project/Program: **North Carolina Re: National Initiative to Address COVID-19 Health Disparities Among Populations at High-Risk and Underserved, Including Racial and Ethnic Minority Populations and Rural Communities**

U. S. Department of Health and Human Services
Centers for Disease Control and Prevention

Federal Authorization: Public Health Service Act, Title 42, Section 243, 247b(k)(2).
State Authorization: NA

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

Agency Contact Person – Program

Sally Herndon, MPH
Head, Tobacco Prevention and Control Branch
(919) 707-5401
Sally.Herndon@dhhs.nc.gov

Agency Contact Person – Financial
Samantha Radel
Phone:919-623-3312
Samantha.radel@dhhs.nc.gov

Address Confirmation Letters To:

SFY 2022 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 2021-2022". 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 2020-2022)".

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 National Initiative to Address COVID-19 Health Disparities Among Populations at High-Risk and Underserved, Including Racial and Ethnic Minority Populations and Rural Communities Grant is funded $39,638,025 for the performance period of June 1, 2021, through May 31, 2023. This grant allows NC DHHS to address COVID-19-related health disparities for historically marginalized populations, including racial and ethnic minority populations and rural communities. The grant focuses on four key strategies.

Strategy 1: Expanding Health Equity Resources & Services focuses on: Capacity building for local health departments to create a health equity infrastructure for their COVID-19 response strategies; Increasing ability of health programs to connect to needs like transportation, housing and food; Addressing major public health issues that either exacerbate the risks of COVID-19, such as smoking, or that have been accentuated as a result of COVID-19, such as mental health with a focus on historically marginalized populations; Targeting particularly high-risk groups, such as incarcerated women & people with substance use disorders with COVID-19-related public health resources.

Strategy 2: Improving Health Equity Data and Reporting focuses on: Investing in foundational data infrastructure & skills to measure health disparities and share aggregated data publicly to inform public health action; Building a Centralized Health Equity Data program for the gathering, analyzing, and sharing public health data to protect the health of all citizens with an emphasis on historically marginalized populations.

Strategy 3: Augmenting Critical Health Equity Infrastructure focuses on: Engaging a coalition of multi-sector stakeholders that include members of underserved rural communities & organizations to increase access to critical COVID-19 testing, contact tracing, and other supportive services; Augmenting health equity staffing to coordinate efforts across DPH and with local health departments and create performance management systems with health equity lens.

Strategy 4: Partner Mobilization focuses on: Supporting community Based Organizations and rural health providers' use of NCCare360, NC's closed loop resource referral platform; Supporting communities in each of 8 NC Prosperity Zones to create community changes that support healthy living; Funding 20 community-based and faith-based organizations across NC to provide culturally & linguistically appropriate COVID-19 services and information to build trust and capacity in communities; and Expanding communications resources to reach people where they are through people and channels that they trust with a focus on American Indian, people with disabilities, Spanish-speaking populations. These funded activities will achieve reduced COVID-19-related health disparities and improved state and local capacity and services to prevent and control COVID-19 among populations at higher risk and that are underserved, including racial & ethnic minorities and rural communities.

II. PROGRAM PROCEDURES

As described in Notice of Award number 1 NH75OT000028-00, N.C. DHHS was funded $39,638,025.00 for activities within four strategies (identified above). Within this funding, $31,757,254.00 is considered base funding and $7,880,771.00 addresses state rural carveout initiatives. All funds were received for a two year performance and budget period that runs from June 1, 2021 through May 31, 2023. Given the evolving and changing nature of best practices in response to the COVID-19 pandemic and related health disparities, it is likely CDC approved changes to activity workplans, and budget revisions will present. At the time of the award, the funds were distributed into the following budget categories: $8,455,496.00 personnel costs, $425,938.00 equipment, $175,200.00 supplies, $107,460.00 travel, $3,508,033.00 other, and $26,965,898.00 contractual.

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 2022 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 2022 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.

If there is no program listed on the "Matrix" in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

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	Y	Y	Y	N	Y	Y	Y	Y	Y	Y

A. ACTIVITIES ALLOWED AND NOT ALLOWED

CDC funds must be used for:

- Staff salaries, wages and fringe benefits
- Provision of direct health care services
- Educational and promotional materials
- Education of community leaders, health care professionals and decision makers
- Convening interested groups
- Participant incentives
- Program related telephone and mailing costs
- Printing
- Office supplies
- Travel in State

CDC funds cannot be used for:

- Capital expenditures
- To supplant funds from federal or State sources
- To support or engage in any effort to participate in political activities or lobbying
- Payment of non-program related debts, fines or penalties
- Contributions to a contingency fund
- Membership fees
- Interest or other financial payments
- Travel and meals in excess of the health department or current North Carolina State rates
- Any expenditure that may create a conflict of interest or a perception of impropriety

Suggested Audit Procedure

Review contract files, purchase agreements, and any local health departments' Consolidated Contract and Agreement Addendum requirements and all expenditure documentation to determine the appropriateness of specific activities paid by these funds.

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.

E. ELIGIBILITY

CDC funded activities aim to: 1) reduce COVID-19-related health disparities; 2) Improve and increase testing and contact tracing among populations at higher risk and that are underserved, including racial and ethnic minority groups and people living in rural communities; 3) improved state, local, US territorial, and freely associated state health department capacity and services to prevent and control COVID-19 infection (or transmission) among populations at higher risk and that are underserved, including racial and ethnic minority groups and people living in rural communities.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

COVID-19 Health Disparities grant funds can be used to support staff and for a variety of expenses associated with developing and implementing activities in the approved contracts. Prior approval is required from the CDC for any equipment purchases. The disposition of any equipment must be in accordance to State laws and procedures.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

This does not apply.

H. PERIOD OF AVAILABILITY OF FEDERAL OR STATE FUNDS

CDC funds are allocated to the contractors through the NC Division of Public Health for June 1, 2021 – May 31, 2023.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

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/grants/chart.html.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at http://www.doa.state.nc.us/PandC.

L. REPORTING

The NOFO requires that quarterly progress and financial reports be submitted in REDCap within the first 60 days after the award. The Federal Cash Transaction Reports are required by the Payment Management System (PMS). These reports are due 30 days after the end of every calendar quarter. The annual financial report (FFR) is due 90 days after the end of the first 12 months. The final report and all closeout documents will be due 90 days after the end of the period of performance. More detailed guidance on reporting requirements and the associated schedule has been provided to recipients. Any Local Health Departments engaged in the grant provide monthly documentation of activities based on an Indicator Progress Tracking System which is due on the seventh day of the following month for single and multi-county coalitions. Entries must conform to requirements as outlined by the Agreement Addenda.

Suggested Audit Procedure
Review the files (electronic and paper) for evidence of monthly reports.

M. SUBRECIPIENT MONITORING

The NOFO requires that quarterly progress and financial reports be submitted in REDCap within the first 60 days after the award, which includes subrecipient progress. The Federal Cash Transaction Reports are required by the Payment Management System (PMS). These reports are due 30 days after the end of every calendar quarter. The annual financial report (FFR) is due 90 days after the end of the first 12 months. The final report and all closeout documents will be due 90 days after the end of the period of performance. More detailed guidance on reporting requirements and the associated schedule has been provided to recipients. Any Local Health Departments engaged in the grant provide monthly documentation of activities based on an Indicator Progress Tracking System which is due on the seventh day of the following month for single and multi-county coalitions. Entries must conform to requirements as outlined by the Agreement Addenda.

Suggested Audit Procedure

Review contract files, purchase agreements, and any local health departments Consolidated Contract and Agreement Addendum requirements and all expenditure documentation to determine if groups targeted for interventions are the actual beneficiaries of the activities.

N. SPECIAL TESTS AND PROVISIONS

Consolidated Agreement System

The DHHS Division of Public Health 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 Agreement sets forth the more general requirements of the funding relationship between the State and local public health agencies. More specific information related to program activity is set out in a document titled the Agreement Addenda, which detail requirements, which are 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 allocating 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 funding 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:

Review the FUNDING STIPULATIONS section of the Consolidated Agreement before beginning an audit. This section describes much of the detailed information the auditor may be seeking during a review of these local 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.