

**93.110-2 SPECIAL PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE**

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**State Project/Program: NC MATERNAL HEALTH INNOVATION PROGRAM**

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**U. S. Department of Health and Human Services**

**Federal Authorization:** Social Security Act, Title V, § 501(a)(2) (42 U.S.C. § 701(a)(2)) Social Security Act, Title V, section 501-Part a

**State Authorization:** N/A

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

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**Address Confirmation Letters To:**

SFY 2026 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 2025-2026)”. 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 Oct’ 2023-2026)”.

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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 State compliance supplement must be used in conjunction with the OMB 2026 Compliance Supplement which is scheduled to be issued in May 2026. The OMB supplement will include “Part 3 - Compliance Requirements,” for the types that apply, and “Part 6 - Internal Control.” If a federal Agency issued guidance for a specific program, this will be included in “Part 4 - Agency Program”. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

## I. PROGRAM OBJECTIVES

The North Carolina (NC) Maternal Health Innovation (MHI) Program will maintain and improve upon state level initiatives focused on improving access to care, enhancing state maternal health data capacity, and implementing innovative interventions to improve outcomes for populations disproportionately impacted by maternal mortality and severe maternal morbidity (SMM). The NC MHI program will prioritize grant initiatives in four Perinatal Care Regions (PCRs): II Northwestern, IV Northeastern, V Southeastern, and VI Eastern. The Women, Infant, and Community Wellness Section (WICWS) proposes to partner with the following organizations to implement the NC MHI program: 1) NC Institute of Medicine (NC IOM) will support the work of the Maternal Health Task Force/Perinatal Health Equity Collective, including convening Action Teams as part of the Maternal Health Work Group to draft recommendations or actionable strategies in either the Perinatal Health Strategic Plan/Maternal Health Strategic Plan or Maternal Mortality Review Committee (MMRC) recommendations; 2) Cone Health (PCR II), University of North Carolina at Chapel Hill (PCR IV), Vidant Health Foundation (PCR VI), and Community Care of Lower Cape Fear (PCR V), will each hire a Perinatal Nurse Champion (PNC) to lead the implementation of selected MMRC recommendations aimed to reduce maternal mortality and SMM; and 3) a NC Local Health Department (LHD) or other safety net practice to participate in Postpartum Care Data Quality Improvement Initiatives and the Postpartum Visit Learning Lab, to improve data collection, completion of the postpartum visit and quality of postpartum care.

The NC MHI Program will implement a Community Champion program to fulfill the program requirement #3 – identify and implement innovative strategies focused on the needs at the individual and community levels. The Community Champion, collaboration with the PNC, will lead community engagement efforts to ensure that the persons with lived experience are equal partners in community-level work to improve maternal health outcomes and that efforts to improve maternal health are not solely centered at health care institutions.

## II. PROGRAM PROCEDURES

The Health Resources and Services Administration-Maternal Child Health Bureau (HRSA MCHB) established and funded the State Maternal Health Innovation Program to assist states in collaborating with maternal health experts and optimizing resources to implement state-specific actions that address disparities in maternal health and improve maternal health outcomes, including the prevention and reduction of maternal mortality and severe maternal morbidity (SMM). The overarching goal of this initiative is to improve maternal health outcomes in the United States by catalyzing multidisciplinary collaboration, collecting and analyzing maternal health data and promoting and executing innovation in maternal health service delivery to advance evidence-informed strategies that achieve a measurable impact.

The purpose of the State Maternal Health Innovation Program is to reduce maternal mortality and severe maternal morbidity (SMM) by:

1. Improving access to care that is comprehensive, high-quality, appropriate, and on-going throughout the preconception, prenatal, labor and delivery, and postpartum periods;
2. Enhancing state maternal health surveillance and data capacity; and
3. Identifying and implementing innovative interventions to improve outcomes

Initially funded in September 2019 and re-funded in September 2024 by the Health Resources and Services Administration-Maternal Child Health Bureau (HRSA MCHB), to augment and strengthen the state’s perinatal system of care, the HRSA funds will be used to implement recommendations from the NC Maternal Mortality Review Committee to reduce maternal mortality and severe maternal morbidity (SMM). One strategy to be maintained across the funding periods is the Perinatal Health Strategic Plan in collaboration with the NC Institute of Medicine, who will convene stakeholders across the state to identify, recommend and implement evidence-based solutions to address maternal health issues in North Carolina.

Additional information is contained in the Project Abstract found at the program sites and the State program office. The NC Maternal Health Innovation Program is administered by WICWS.

**III. COMPLIANCE REQUIREMENTS**

Noted below in the following matrix are the types of compliance requirements (Types) for this federal program identified by either the federal or State agency with a “Y” that are subject to the audit. The auditor must determine if the Type noted by “Y” has a direct and material effect on the federal program for the auditee. If the Type is determined to be subject to audit, the auditor must use the OMB 2026 Compliance Supplement, Part 3 and Part 4 (if an OMB supplement is issued) in addition to this State supplement to perform the audit.

If the State determines that the federal requirement does not require testing at the local level or if the State modifies the federal requirements, this is discussed in the supplement under the type of compliance requirement. Auditors are not expected to test requirements that have been noted with an “N.”

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	N	Y	N	Y	Y	Y

**A. Activities Allowed or Unallowed**

Grantees are to complete activities as noted in their contract addenda/scope of work. Each scope of work is different based upon the needs of the specific area served. See individual contract scopes of work for more information.

**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

Equipment must be accounted for in accordance with the North Carolina Department of State Treasurer Policies Manual, Chapter 20, Fixed Assets Policy.

Title to equipment costing in excess of \$2,500.00 acquired by the Contractor with funds from this contract shall vest in the contractor, subject to the following conditions:

1. The Contractor shall use the equipment in the project or program for which it was acquired as long as needed. When equipment is no longer needed for the original project or program or if operations are discontinued, the Contractor shall contact the Department of Health and Human Services, Division of Public Health, for written instructions regarding disposition of equipment.
2. When acquiring replacement equipment, the Contractor may use the equipment to be replaced as trade-in against replacement equipment or may sell said equipment and use the proceeds to offset the costs of replacement equipment subject to written approval of the Division of Public Health.
3. For equipment costing in excess of \$2,500.00, equipment controls and procedures shall include at a minimum the following:
  - a) Detailed equipment records shall be maintained which accurately include the:
    - i. Description and location of the equipment, serial number, acquisition date/cost, useful life and depreciation rate;
    - ii. Source/percentage of funding for purchase and restrictions as to use or disposition;
    - iii. Disposition data, which includes date of disposal and sales price or method used to determine fair market value.
  - b) Equipment shall be assigned a control number in the accounting records and shall be tagged individually with a permanent identification number.
  - c) Biennially, a physical inventory of equipment shall be taken and results compared to accounting and fixed asset records. Any discrepancy shall immediately be brought to the attention of management and the governing board.
  - d) A control system shall be in place to ensure adequate safeguards to prevent loss, damage, or theft of equipment and shall provide for full documentation and investigation of any loss or theft.
  - e) Adequate maintenance procedures shall be implemented to ensure that equipment is maintained in good condition.
  - f) Procedures shall be implemented which ensure that adequate insurance coverage is maintained on all equipment. A review of coverage amounts shall be conducted on a periodic basis, preferably at least annually.
4. The Contractor shall ensure all subcontractors are notified of their responsibility to comply with the equipment conditions specified in this section.

Prior written approval from Department must be obtained before purchasing equipment valued over \$2,500.00. Institutions of higher education, hospitals and other non-profit organizations shall use procurement procedures that conform to applicable federal law and regulations and standards identified in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200. All non-federal entities shall follow federal laws and implementing regulations applicable to procurements, as

noted in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200.

**E. Eligibility**

Per the federal Maternal Health Innovation grant guidance, NC Maternal Health Innovation program will serve pregnant, postpartum and interconception women of child-bearing age and/or their providers in four Perinatal Care Regions. NC Maternal Health Innovation funded sites shall impose no charges on clients for services.

**F. Equipment and Real Property Management**

Equipment must be accounted for in accordance with the North Carolina Department of State Treasurer Policies Manual, Chapter 20, Fixed Assets Policy.

Title to equipment costing in excess of \$2,500.00 acquired by the Contractor with funds from this contract shall vest in the contractor, subject to the following conditions:

1. The Contractor shall use the equipment in the project or program for which it was acquired as long as needed. When equipment is no longer needed for the original project or program or if operations are discontinued, the Contractor shall contact the Department of Health and Human Services, Division of Public Health, for written instructions regarding disposition of equipment.
2. When acquiring replacement equipment, the Contractor may use the equipment to be replaced as trade-in against replacement equipment or may sell said equipment and use the proceeds to offset the costs of replacement equipment subject to written approval of the Division of Public Health.
3. For equipment costing in excess of \$2,500.00, equipment controls and procedures shall include at a minimum the following:
  - g) Detailed equipment records shall be maintained which accurately include the:
    - iv. Description and location of the equipment, serial number, acquisition date/cost, useful life and depreciation rate;
    - v. Source/percentage of funding for purchase and restrictions as to use or disposition;
    - vi. Disposition data, which includes date of disposal and sales price or method used to determine fair market value.
  - h) Equipment shall be assigned a control number in the accounting records and shall be tagged individually with a permanent identification number.
  - i) Biennially, a physical inventory of equipment shall be taken and results compared to accounting and fixed asset records. Any discrepancy shall immediately be brought to the attention of management and the governing board.
  - j) A control system shall be in place to ensure adequate safeguards to prevent loss, damage, or theft of equipment and shall provide for full documentation and investigation of any loss or theft.
  - k) Adequate maintenance procedures shall be implemented to ensure that equipment is maintained in good condition.
  - l) Procedures shall be implemented which ensure that adequate insurance coverage is maintained on all equipment. A review of coverage amounts shall be conducted on a periodic basis, preferably at least annually.

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#### **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 with federal agency codifications of the grants management common rule accessible on the Internet at [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl).

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](http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf).

*Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program. This applies to the subrecipients of this supplement.*

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.

#### **L. Reporting**

##### Financial Reporting

Monthly expenditure reports (DHHS 2481) are required to be completed for payment. The Contractor shall submit to the Division a monthly reimbursement request and, upon approval by the Division, receive payment within 30 days. The original expenditure report, DHHS 2481, shall be submitted to the Division Contract Administrator. The Contractor shall have up to thirty (30) days from last day of contract for close out, completion and submission of the final monthly expenditure report related to this contract period. If this contract is terminated, the Contractor is required to complete a final accounting report and to return any unearned funds to the Division within 60 days of the contract termination date. In addition, local health departments are required to submit quarterly expenditure reports to the program. All payments are contingent upon fund availability.

##### Performance Reporting

Local health departments and community-based contractors submit program participant information (forms sent via password protected email attachments) to the NC Maternal Health Innovation Program once a month for review and analysis by the NC Maternal Health Innovation Epidemiologist. In addition, all entities who receive NC Maternal Health Innovation Program funds are required to submit biannual program

reports and participant records are viewed during an onsite monitoring visit at least once a year.

#### **M. Subrecipient Monitoring**

Organizations may contract with other agencies to provide allowable services. Unless services are obtained on other than fee for service contracts, the auditor does not need to audit for this requirement. (Reference Section C (1) (c and d) of the Consolidated Agreement between the local health department and the Division of Public Health).

#### **N. Special Tests and Provisions**

##### **Conflict 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 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 sub grantee 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.