

HEALTH CENTER PROGRAM CLUSTER

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HEALTH CENTER PROGRAM (COMMUNITY HEALTH CENTERS, MIGRANT HEALTH CENTERS, HEALTH CARE FOR THE HOMELESS, AND PUBLIC HOUSING PRIMARY CARE)

AND

GRANTS FOR NEW AND EXPANDED SERVICES UNDER THE HEALTH CENTER PROGRAM

State Project/Program: NC FARMWORKER HEALTH PROGRAM / FARMWORKER MEDICAL OUTREACH SERVICES

**Federal Authorization: US DEPARTMENT OF HEALTH AND HUMAN SERVICES
Section 330 of the Public Health Service Act, (42 U.S.C. 254b)**

**Department of Health and Human Services
Central Administration/ Office of Rural 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 DHHS Grant Subrecipients will be available by mid-October at the following web address: [Audit Confirmation Reports | NCDHHS](#). 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).”

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 OBJECTIVE

To improve the health of the nation's underserved communities by ensuring continued access to comprehensive, quality primary health care services regardless of ability to pay.

II. PROGRAM PROCEDURES

The NC Farmworker Health Program is administered by the N. C. Department of Health and Human Services, Office of Rural Health (ORH), 1915 Health Services Way, 2009 Mail Service Center, Raleigh, North Carolina 27699-2009, (919) 527-6440. Funds are received from the U. S. Department of Health and Human Services, Health Resources and Services Administration (HRSA).

The ORH provides grants to organizations listed in the NC Farmworker Health Program's HRSA-approved Scope of Work and to local agencies providing additional supporting services. An objective review committee consisting of Co-Applicant Governing Board members of the North Carolina Farmworker Health Program reviews applications and project updates for merit and recommends approval or disapproval of full or partial funding. The Director of the ORH makes final decisions. Among the criteria for selection of projects is the ability to comply with HRSA Health Center requirements, specific program guidelines, reasonableness and appropriateness of costs, and past performance by an applicant.

Once the application is approved a formal contract is prepared by the ORH. The contract details contractor obligations, program expectations, the funding schedule, reporting requirements, and audit requirements. The formal contract serves as the grant award notification.

During the contract year (typically April 1 - March 31), NC Farmworker Health Program staff provide on-going technical assistance to the contractors and grantees. Technical assistance includes on-site visitation, workshops, and other contacts with the contractors/grantees during which program goals are reviewed and evaluation of contractors/grantees is undertaken. The primary goal of the assistance is to support accessible and high-quality services for agricultural workers and their families.

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 & | Program Income | Reporting | Subrecipient Monitoring | Special Tests and Provisions |
| Y | Y | Y | N | N | N | Y | Y | N | Y | N | Y |

A. Activities Allowed or Unallowed

Health Center Program: Public Health Service Act, (42 U.S.C. 254b), Section 330(e), (g), (h), and (i), as amended by sec. 5601 of P.L. 111-148.

Health Center Program (HCP) Funds should be used to improve the availability and accessibility of required and additional health services outlined in the contract consisting of primary, specialty, dental, behavioral health, and enabling healthcare services.

Fiscal Year 2023 Capital Assistance for Hurricane Response and Recovery Efforts (CARE): Public Health Service Act, (42 U.S.C. 254b), Section 330(e), (g), (h), and (i), as amended by sec. 5601 of P.L. 111-148.

Funds should be used for capital-related resources for health centers to support alteration, renovation, construction, equipment, and other capital improvement costs as necessary to meet the needs of areas affected by Hurricanes Fiona and Ian.

- a. Subrecipients of the NC Farmworker Health Program’s Health Center funding must comply with all applicable Health Center Program policies and HRSA terms and conditions found here: <https://www.hrsa.gov/grants/manage-your-grant/policies-regulations-guidance>.
- b. Federal funds awarded under the HCP through the NC Farmworker Health Program may not be expended for any abortion. These limitations do not apply to an abortion (1) if the pregnancy is the result of an act of rape or incest; or (2) in the case when a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself,

that would, as certified by a physician, place the woman in danger of death unless an abortion is performed (Further Consolidated Appropriations Act, 2024 (Pub. L. No. 118-47)). Refer to

<https://www.hrsa.gov/sites/default/files/hrsa/grants/manage/gpb2024-02e-legislative-mandates-grants-fy24.pdf> for further details on legislative mandates that limit the use of funds on HRSA grants and cooperative agreements including that federal funds may not be expended for health benefits coverage that includes abortion.

- c. Federal funds awarded under the HCP through the NC Farmworker Health Program may not be used to purchase sterile needles or syringes for the hypodermic injection of any illegal drug, provided that this limitation does not apply to the use of funds for elements of a program other than making such purchases if the relevant state or local health department, in consultation with the Centers for Disease Control and Prevention, determines that the state or local jurisdiction, as applicable, is experiencing, or is at risk for, a significant increase in hepatitis infections or an HIV outbreak due to injection drug use, and such program is operating in accordance with state and local law (Further Consolidated Appropriations Act, 2024 (Pub. L. No. 118-47)).

B. Allowable Costs/Cost Principles

Costs allowable under an NC Farmworker Health Program grant through the ORH are limited to those activities in the approved budget in the contract to ensure that the expenses comply with HRSA's terms and conditions and legislative mandates.

ORH abides by Title 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

Compliance Requirement – No line-item may be increased by more than fifteen (15) percent without the written approval of the ORH (NC Farmworker Health Program). This requirement relates to the grantee's/contractor's expenditures as of the date of the balance sheet compared to the budget approved by the ORH.

Suggested Audit Procedure – Review the contractor's budget as approved by the ORH, including any subsequent amendments. Determine that any revisions exceeding fifteen (15) percent of the budget line-item have been approved in writing.

C. Cash Management

Funds are paid in agreement with the contract terms and conditions. Generally, payments are made monthly to reimburse for approved expenses listed on the grantee's/contractor's Monthly Expenditure Report. Grantees/contractors submit monthly expenditure reports after the close of each month. Advance payments are allowed when there is a signed and approved Certification of Cash Needs.

H. Period of Performance

All funds must be expended within the contract period specified in the contract.

I. Procurement and Suspension and Debarment

This program procures contracts for items needed to fulfill the requirements of funding. Contractors/grantees cannot be suspended or debarred, nor can they make subawards under covered transactions to parties that are suspended or debarred. This rule applies any time the non-Federal entity procures goods or services with funds that have been approved in the budget. Suspension and debarment apply to both procurements and subawards.

L. Reporting

Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Therefore, grantees/contractors are required to submit a series of reports to the NC Farmworker Health Program in the ORH. These reports are specified in the contract agreement. Report formats are provided by the ORH and are designed to gather the data for reports required by the federal DHHS. The reports, reporting frequency, and due dates are as follows:

Weekly data entry into the database utilized by ORH to ensure ORH complies with the HRSA requirement to submit the annual Unified Data System (UDS) report each February.

Expenditure report by budget line-item is due monthly during the contract period by the 10th day following the month being reported to monitor expenditures per the budget of the contract, unless an alternate date approved in writing by ORH.

N. Special Tests and Provisions

Conflict of Interest and Certification Regarding No Overdue Tax Debt

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 Uniform Guidance Appendix XI to Part 200. These requirements include the submission of a Conflict-of-Interest Policy and a written statement (if applicable) that the entity does not have any overdue tax debts as defined at the federal, State or local level. 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 – Before receiving and disbursing State funds, determine whether the contractor/grantee (1) has adopted a conflict-of-interest policy and has it on file and (2) whether the grantee has any overdue tax debts at the federal, State or local level.

Suggested Audit Procedures -

1. Ascertain that the grantee has a conflict-of-interest policy as described above.
2. Check the policy and verify through board minutes that the policy was adopted before the grantee received and disbursed State funds.
3. Verify as to whether the grantee has any overdue tax debts at the federal, State or local level by reviewing tax reports filed with the appropriate government agencies and confirming via an inspection of the accounting records that all taxes were paid timely.