LGC
Reviewed
in accordance to
G.S. 159-34(a)

APRIL 2024

93.234-1 **TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM**

State Project/Program: **TRAUMATIC BRAIN INJURY SERVICES**

Federal Authorization: REHABILITATION ACT OF 1973, AS AMENDED, TITLE VII, CHAPTER 1, PART B.

State Authorization: NCGS § 122C-3(12a)(b)

N. C. Department of Health and Human Services
Division of Mental Health, Developmental Disabilities, and Substance Use Services

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Address Confirmation Letters To

SFY 2024 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 2023-2024). 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".

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 2024 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

To provide services and supports in accordance with statute language which indicates the following:

Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Use Services, for Traumatic brain injury (TBI) services, the sum of three million nine hundred seventy-three thousand eighty-six dollars ($3,973,086) in recurring funds shall be used exclusively to support TBI services as follows:

(1) The sum of five hundred fifty-nine thousand two hundred eighteen dollars ($559,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or appropriate service providers to assist families in accessing the continuum of care and to provide educational programs on brain injury prevention, intervention and care.

(2) The sum of three million four hundred thirteen thousand eight hundred sixty-eight dollars ($3,413,868) shall be used to (i) support residential programs across the State that are specifically designed to serve individuals with TBI and (ii) support requests submitted by individual consumers for assistance with services such as, but not limited to, residential supports, home modifications, transportation, and other requests deemed necessary by the consumer's local management entity/managed care organization.

Brief Description of Program

The State Traumatic Brain Injury (TBI) program funds are used to assist individuals with traumatic brain injury to receive the necessary support to remain in their communities. These individuals, once identified by the local management entity/managed care organization (LME/MCO) as consumers in need of assistance, have access to program funds. Examples of what funds are used for are as follows: equipment/devices, behavioral supports, in-home supports, community supports, transportation, residential support, etc. The funds are used as a provider of last resort above and beyond what other funding sources may cover. These funds are also available when an individual is not eligible for any other funding source. Additional program needs identified may allow LME/MCO, other agencies and providers of service to people with traumatic brain injury to develop programs to meet specific needs. These funds are also used for funding other traumatic brain injury-related initiatives to improve the State and local service systems in identifying and increasing support and service to individuals with traumatic brain injury

All grantees are required to comply with the NC Department of Health and Human Services and DMH/DD/SUS records retention schedules and policies. These include Functional Schedule for State Agencies, Records Retention and Disposition Schedule – DMH/DD/SUS Local Government Entity (APSM 10-6), Records Retention and Disposition Schedule - DMH/DD/SUS Provider Agency (APSM- 10-5) and the DHHS Records Retention and Disposition Schedule for Grants. Financial records shall be maintained in accordance with established federal and state guidelines.

The records of the contractor shall be accessible for review by the staff of the North Carolina Department of Health and Human Services and the Office of the State Auditor

for the purpose of monitoring services rendered, financial audits by third party payers, cost finding, and research and evaluation.

Records shall be retained for a period of three years following the submission of the final Financial Status Report or three years following the submission of a revised final Financial Status Report. Also, if any litigation, claim, negotiation, audit, disallowance action, or other action involving these funds has been started before expiration of the three-year retention period, the records must be retained until the completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later. The grantee shall not destroy, purge or dispose of records related to these funds without the express written consent of the DHHS/DMH/DD/SUS.

The agency must comply with any additional requirements specified in the contract or to any other performance-based measures or agreements made subsequent to the initiation of the contract including but not limited to findings requiring a plan of correction or remediation in order to bring the program into compliance.

II. PROGRAM PROCEDURES

LME-MCO's provide services and support in accordance with statute language **NC General Statutes 122C; Developmental Disabilities, and Substance Abuse Act 1985**.

III. COMPLIANCE REQUIREMENTS

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 2024 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 to be 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, Embarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	Y	N	N	N	N	Y	Y	Y

A. ACTIVITIES ALLOWED OR UNALLOWED

Funding can be used as described by statute NCGS § 122C-3(12a)(b).
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B. ALLOWABLE COSTS/COST PRINCIPLES

Costs are to assist individuals with traumatic brain injury to receive the necessary support to remain in their communities. These individuals, once identified by the local management entity/managed care organization (LME/MCO) as consumers in need of assistance

C. CASH MANAGEMENT

These funds are reimbursed based on the contracted funds:

1. Funds are paid through submission of the Financial Status Report, Consumer Assistance Log, Outreach Log, and receipts/supportive documentation monthly per the approved budget and budget narrative, if applicable. Reporting of the services delivered to eligible recipients is submitted quarterly.
2. Funds are settled on a reimbursement basis per expenditures.

The DHHS Controller's Office is responsible for submitting a Financial Status Report 269 to the Federal Grants Management Officer for documentation of federal funds expended, according to the DHHS Cash Management Policy.

E. ELIGIBILITY

Services are provided based on the following criteria:

1. Individual has a serious mental illness or co-occurring serious mental illness and substance use disorder.
2. Individual is not receiving mental health or co-occurring substance abuse services.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Equipment Management

This requirement refers to tangible property that has a useful life of more than one year and costs of $5,000 or more. Such equipment may only be purchased per the conditions of the approved contract or grant agreement. Should the contract be terminated, any equipment purchased under this program shall be returned to the Division.

Real Property Management

This requirement does not apply to DMH/DD/SAS contract.

L. REPORTING

Progress and Financial Reports

- LME-MCO will provide quarterly progress reports.

- LME-MCO must provide monthly and final financial status reports.

M. SUBRECIPIENT MONITORING

Monitoring is required if the agency disburses or transfers any State funds to other organizations, except for the purchase of goods or services. If the agency disburses or transfers any pass-through federal funds received from the State to other organizations, the agency shall require such organizations to comply with the applicable requirements of 2 CFR Part 200.331. Accordingly, the agency is responsible for monitoring programmatic and fiscal compliance of subcontractors based on the guidance provided in this compliance supplement and the audit procedures outlined in the DMH-0 Crosscutting Supplement

N. SPECIAL TESTS AND PROVISIONS

Audit Objectives

a. To ensure compliance with the DHHS and DMH/DD/SUS records retention schedules and policies.
b. To ensure compliance with all federal and State policies, laws and rules that pertain to this fund source and/or to the contract/grant agreement.

Suggested Audit Procedures

a. All grantees are required to comply with the NC Department of Health and Human Services and DMH/DD/SUS records retention schedules and policies. These include Functional Schedule for State Agencies, Records Retention and Disposition Schedule – DMH/DD/SUS Local Government Entity (APSM 10-6), Records Retention and Disposition Schedule - DMH/DD/SUS Provider Agency (APSM- 10-5) and the DHHS Records Retention and Disposition Schedule for Grants.
b. Review contract/grant agreement identify any special requirements; and
c. Verify from the books and records the expenditures reported on the monthly FSR to ensure that the in-kind match requirement was met.
d. Verify that the Conflict-of-Interest declaration is signed AND that there are not overdue tax debts at the federal, state or local level as required below.

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 effective 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) 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)).

G. S. 143C-6-23(b) stipulates that every grantee shall file with the State agency disbursing funds to the grantee a copy of that grantee's policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as

the grantee's employees or members of its board or other governing body, from the grantee's disbursing of State funds, and shall include actions to be taken by the grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the grant funds.

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.