

93.234-2 TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM

State Project/Program: IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION FOR COMMUNITY LIVING

Federal Authorization: Public Health Service Act, Title XII, Section 1252 (42 USC 300d-52), as amended by the Children’s Health Act of 2000, Section 1304, Public Law 104-166, Public Law 106-310, as further amended by the Traumatic Brain Injury Act of 2008, Section 6(a), Public Law 110-206

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

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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).”

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.

IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

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

To provide programs and services:

- (1) Improve access to a neurobehavioral system of care for individuals with TBI and their families.
- (2) Establish innovative programs pertaining to traumatic brain injury.

I. PROGRAM PROCEDURES

The TBI Grant was approved for five years with a yearly renewal process. The first grant year for this award was August 1, 2021-July 31, 2022. This grant in all years supports a contract with:

The Brain Injury Association of North Carolina (BIANC):

- Conducts a TBI Needs & Resources Assessment (every two years of the five-year grant cycle)
- Collaborate with partners to increase TBI screening within the DMH/DD/SUS system as well as at Domestic Violence Program Pilot Sites. Hire a Neuro-Resource Facilitator/Outreach Coordinator for technical assistance with the identified pilot screening entities/programs and to provide resource information to individuals with TBI, family members, professionals, and other stakeholders.
- Hires a Training Coordinator, create a statewide training plan for TBI and conduct TBI training on identified topics statewide.
- Strengthens the Information & Referral Process and documentation across the state.

IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

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	N	Y	Y	N	N	Y	Y	Y

A. ACTIVITIES ALLOWED OR UNALLOWED

Funding can be used for capacity building only. Funds may not be used for direct services or to supplement existing services or for prevention.

Audit Objective

- Determine that expenditures were incurred for allowable activities consistent with program and allocation guidance

Suggested Audit Procedures

1. Obtain and review the allocation letter(s) and contracts or agreements between the auditee and the State agency and, if applicable, between the auditee and its subrecipients, to identify approved activities, restrictions, and special conditions.
2. Review approved budgets and/or spend plans, if required by the State agency or allocation letter, to determine whether planned activities align with authorized program objectives and allowable uses of funds.
3. Select a sample of expenditures or program activities and:
4. Trace the expenditures to the approved budget or spend plan, if applicable;
5. Determine whether the activities or costs support approved activities identified in the allocation letter and contract; and

IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

6. Verify that expenditures are consistent with the approved purpose of the award.
7. Inquire of management regarding procedures in place to ensure expenditures and activities remain consistent with approved contracts, budgets, and spend plans.

B. ALLOWABLE COSTS/COST PRINCIPLES

All activities must advance capacity building.

Audit Objective

- Determine that costs charged to the program are reasonable, necessary, and allowable under federal cost principles and allocation restrictions.

Suggested Audit Procedures

1. Test a sample of expenditures for allowability, allocability, and reasonableness.
2. Review supporting documentation for selected costs.
3. Determine whether costs comply with allocation letter and contract restrictions.

C. CASH MANAGEMENT

Requirement

1. Funds are disbursed on a reimbursement basis, except as otherwise approved in writing by DMH.
2. Payments must be requested only after costs are incurred.
3. Subrecipients must submit proper supporting documentation to receive reimbursement.

Audit Objective

- Ensure subrecipients request reimbursement only for expenditures actually incurred and appropriately documented.

Suggested Audit Procedures

1. Trace reimbursement requests to supporting invoices and payroll.
2. Verify expenditures were properly approved before reimbursement.
3. Inspect FSRs submitted to DMH for accuracy and timeliness.
4. Confirm that no advance payments were made without proper authorization.

E. Eligibility

1. Funds may not be used for direct services or to supplement existing services or for prevention.
2. Funds are utilized for activities and to improve access to a neurobehavioral system of care for individuals with TBI and their families.
3. Establish innovative programs pertaining to traumatic brain injury.

IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching

Brain Injury Association of North Carolina (BIANC) must provide the required in kind match where they are required to provide and expend \$1.00 for every \$2.00 in grant funds that are expended and requested. In kind expenditures are reported monthly to the Division on the Financial Status Report (FSR).

Level of Effort

Level of Effort must be maintained since regulations require the Administration for Community Living (ACL) TBI funds shall be used to supplement and increase the level of State, local and other non-federal funds and shall, in no event, supplant such State, local and other non-federal funds. If ACL TBI funds are reduced, the contractor may reduce its participation in a proportionate manner. Maintenance of Effort is determined at the State level.

Earmarking

Not applicable at the local level. No testing is required.

H. PERIOD OF PERFORMANCE

Requirement

Funds awarded may be used only for allowable costs and activities incurred during the approved period of performance specified in the allocation letter or contract.

The period of performance varies by contract or allocation. Costs are considered incurred when the underlying goods or services are received and the related obligation is recorded, in accordance with applicable accounting policies.

Expenditures may not be charged to the program if they:

- Are incurred before the start date or after the end date of the approved funding period;
- Relate to obligations or activities outside the scope of the approved period;
- Represent advance payments or prepayments for services to be performed outside the approved period of performance; or
- Are otherwise inconsistent with the timing requirements specified in the allocation letter or contract.
- If allocation letters or contracts allow for carryforward, extensions, or adjustments to the period of performance, such changes must be formally approved in writing by the State agency.

Audit Objective

- Verify all costs charged to the program fall within the allowed period.

Suggested Audit Procedures

1. Obtain and review the allocation letter(s) and contracts or agreements to identify the approved period of performance for the program.
2. Select a sample of expenditures charged to the program and:
3. Verify that the expenditure dates fall within the approved period of performance; and

IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

4. Determine that the underlying goods or services were received during the approved funding period.
5. Review supporting documentation (e.g., invoices, payroll records, service delivery documentation) to confirm that costs were incurred within the approved period.
6. Inquire of management whether any extensions, carryforwards, or modifications to the period of performance were granted and, if so, review written approval from the State agency.
7. For reimbursement-based funding, determine whether expenditures submitted for reimbursement were incurred during the approved period prior to reimbursement.
8. For auditees that pass funds to subrecipients, review a sample of subrecipient expenditures to determine whether the auditee performed procedures to ensure subrecipient costs were incurred within the approved period of performance.

L. REPORTING

Progress and Financial Reports

1. Grantees must provide quarterly and final progress reports. The final progress report must summarize information from the quarterly reports, describe the accomplishments of the project, and describe next steps for implementing plans developed during the grant period.
2. Grantees must provide monthly and final financial status reports.
3. Funds issued under these awards must be accounted for and reported upon separately from all other grant activities. Grantees must maintain adequate records to track and report on project outcomes and expenditures by budget line item.

M. SUBRECIPIENT MONITORING

Requirement:

The subrecipient must monitor any sub-subrecipients receiving funding to ensure compliance with program requirements, proper use of funds, and accurate reporting. Documentation of monitoring activities must be maintained in accordance with 2 CFR 200.331(d) and program policies.

Audit Objective

- Determine whether the subrecipient:
 - Properly identifies all sub-subrecipients receiving program funds.
 - Monitors the sub-subrecipients to ensure compliance with program requirements, including financial and programmatic reporting.
 - Maintains adequate documentation of monitoring activities, findings, and any corrective actions.

Suggested Audit Procedures

1. Obtain a list of all sub-subrecipients funded by the organization during the audit period and verify completeness.
2. Review funding agreements or contracts with sub-subrecipients to ensure they:
 - a. Specify award amount, period of performance, and allowable activities.
 - b. Include required certifications or attestations of compliance with program requirements.

IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

3. Inspect budgets, spend plans, and financial reports submitted by sub-subrecipients to ensure proper tracking of allocated funds.
4. Examine monitoring documentation maintained by the subrecipient, including:
 - a. Site visit reports or desk review notes.
 - b. Correspondence documenting follow-up on compliance findings or corrective actions.
 - c. Evidence that monitoring activities are performed regularly in accordance with policy.
5. Cross-check sub-subrecipient expenditures against the subrecipient's reimbursement requests to verify that all disbursements are properly supported and accounted for.
6. Confirm retention of monitoring records in accordance with program and record retention requirements.

N. SPECIAL TESTS AND PROVISIONS

All grantees are required to comply with the NC Department of Health and Human Services and DMHDDSUS 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/SAS 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.

Audit Objectives

1. To ensure compliance with the DHHS and DMH/DD/SUS records retention schedules and policies.
2. 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

IMPLEMENTATION PARTNERSHIP GRANTS FOR TRAUMATIC BRAIN INJURY SERVICES

1. All grantees are required to comply with the NC Department of Health and Human Services and DMHDDSUS 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.
2. Review contract/grant agreement identify any special requirements; and
3. Verify from the books and records the expenditures reported on the monthly FSR to ensure that the in-kind match requirement was met.
4. 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.