

93.959

**BLOCK GRANTS FOR PREVENTION AND TREATMENT OF
SUBSTANCE USE**

State Project/Program SUBSTANCE USE TREATMENT AND RECOVERY SERVICES

**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION**

Federal Authorization: Public Health Service Act, Title XIX, Part B, Subpart II, as amended, Public Law 102-321; 42 U.S.C. 300x; and 45 CFR, Part 96

State Authorization: NC General Statutes 122C; Developmental Disabilities, and Substance Abuse Act 1985

**NC 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)”.
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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.

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This compliance supplement must be used in conjunction with the OMB 2026 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.

1. PROGRAM OBJECTIVES

The objective of the Substance Use Prevention, Treatment and Recovery Services Block Grant (SUPTRSBG) is to provide funds to subrecipients to support programs in the development and implementation of prevention, treatment and recovery activities and services for individuals at risk of or experiencing a substance use disorder, as specified in the Public Health Service Act, Title XIX, Part B, Subpart II, as amended, Public Law 102-321; 42 U.S.C. 300x; and 45 CFR, Part 96.

Funds are also allocated to facilitate training and professional development of providers in the field.

Pregnant Women and Women with Dependent Children Set Aside Programs

Each subrecipient who receives SUPTRSBG Women's set-aside funds is responsible for operating holistic treatment programs for women with substance use disorders, specifically those who are pregnant, those with dependent children and those seeking to regain custody of their child(ren). Required components of these specialized programs include treating the family as a unit, assuring access to primary and preventive healthcare, gender specific substance use disorder treatment services, sufficient case management services and appropriate referrals for therapeutic services for the children. Additionally, treatment providers must assure pregnant women receive priority admission preference to ensure ready access to services and must publicize this requirement.

- **North Carolina Perinatal and Maternal Substance Use Disorder Initiative**

The North Carolina Perinatal and Maternal Substance Use Disorder Initiative is supported both by State Treatment Alternatives for Women funds appropriated by the NC General Assembly and Substance Use Prevention, Treatment and Recovery Services Block Grant funds. The Perinatal and Maternal Substance Use Disorder Initiative program objective is to provide specialized substance use disorder treatment and recovery supports to pregnant women and women with dependent children.

- **Work First/Child Protective Services Substance Use Disorder Initiative**

The Work First/Child Protective Services Substance Use Initiative (WF/CPS SU Initiative) provides early identification of Work First recipients who have some level of impairment due to a substance use disorder that would prevent them from securing and maintaining employment. The WF/CPS SU Initiative also provides services to families with a substantiated child abuse or neglect case or with a "need of services" finding related to substance use and Class H or I Controlled Substance Felons who apply for Work First or food stamps.

- **NC CASAWORKS for Families Residential Initiative**

The treatment model chosen for this initiative is based on the *CASAWORKS for Families* model, developed by the National Center on Addiction and Substance Abuse (CASA) at Columbia University. The *CASAWORKS for Families* comprehensive treatment model integrates substance use disorder treatment and mental health services for women, mental

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health and developmental services for children, primary and preventative healthcare, case management, parenting support, recovery supports and job readiness training leading to employment and self-sufficiency for the family. The purpose of the NC CASAWORKS for Families Residential Initiative is to address the multiplicity of needs of this population and assist them in moving toward self-sufficiency.

Outpatient Opioid Treatment Programs

Medication for opioid use disorders (MOUD), clinical treatment and recovery supports and services found in North Carolina's 97 Outpatient Opioid Treatment Programs (OTPs) are a proven best practice standard for decreasing not only opioid use but also decreasing HIV/AIDS, Hepatitis C and other infectious diseases and other problems associated with opioid use, particularly intravenous use. North Carolina provides SUPTRSBG funds to LME/MCOs who in turn contract with local providers of opioid treatment programs. These programs use these funds to help cover the costs of treatment, recovery supports and medication for persons who are uninsured or under-insured.

Tuberculosis (TB) Services

Rates of HIV, tuberculosis, sexually transmitted diseases, Hepatitis and Hepatitis C are higher among individuals who use drugs. States shall require any entity receiving funding from the SUPTRSBG for operating a program of treatment for substance use disorders to follow procedures which address how the program:

- (1) Will, directly or through arrangements with other public or nonprofit private entities, routinely make available tuberculosis services as defined in 45 CFR §96.121 to each individual receiving treatment for such substance use.
- (2) In the case of an individual in need of such treatment who is denied admission to the program due to the lack of capacity of the program to admit the individual, will refer the individual to another provider of tuberculosis services; and
- (3) Will implement infection control procedures that are designed to prevent the transmission of tuberculosis, including the following:
 - (i) Screening of patients.
 - (ii) Identification of those individuals who are at high risk of becoming infected; and
 - (iii) Meeting all State reporting requirements while adhering to Federal and State confidentiality requirements, including 42 CFR Part 2; and
- (4) Will conduct case management activities to ensure that individuals receive such services.

Education, Training, Referral, Coordination and Confidentiality

Continuing education and training is provided to prevention professionals, alcohol and drug counselors, and other education, health and human service professionals on child and adult alcohol and other drug use at various institutes, meetings, conferences and schools. Each LME/MCO is required to include in the Performance Contract with the Division of Mental Health, Developmental Disabilities and Substance Use Services (DMH/DD/SUS), assurances that all individuals will be matched to the appropriate level of care. Each of the LME/MCOs must comply with the requirements of 42 CFR, Chapter 1, Part 2, Confidentiality of Alcohol and Drug Abuse Patient Records.

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HIV Early Intervention Services

States whose rate of AIDS is 10 or more per 100,000 individuals are considered HIV-designated states. HIV-designated states must expend five percent of the SUPTRSBG award on HIV early intervention services for individuals who are participating in treatment for a substance use disorder. North Carolina was qualified as a “designated State” in 1994 but has not met the required threshold since 2016 and can therefore no longer utilize SUPTRSBG funds for HIV early intervention services.

Juvenile Justice Behavioral Health Partnerships (JJBH)

LME/MCOs collaborate with local Juvenile Justice and Delinquency Prevention staff and other key stakeholders to regularly review and reevaluate the needs of youth involved in the juvenile justice system and their families. In turn, these Partnerships provide focus on best practices in service delivery for court-involved youth with substance use and co-occurring mental health disorders that best suit the needs and resources of the communities served.

Treatment Alternatives for Safe Communities (TASC)

Treatment Alternatives for Safe Communities (TASC) was developed to connect individuals to treatment and other community-based services and away from institutional settings by linking treatment and justice goals of reduced drug use and criminal activity through processes that increase treatment access, engagement and retention. TASC assists the judiciary in making decisions about sentencing options, implements court orders for assessment and treatment, and monitors individual progress for judicial and correctional systems. The goal of TASC is to intervene in the crime cycle by:

- Identifying appropriate offenders for treatment and support services.
- Facilitating entry into the recovery process.
- Advocating for the offender’s opportunity to successfully complete TASC, treatment and criminal justice system requirements; and
- Ensuring community safety with partner agencies.

2. PROGRAM PROCEDURES

Funds shall be paid to LME/MCOs based on two methods: (1) A “Financial Status Report” (FSR) on a reimbursement basis. Unit cost will be determined using a consistently applied methodology approved by the Division. (2) Based on earnings computed through unit cost reimbursement via NCTracks. This methodology includes the identification of service cost centers, the allocation of allowable costs, the determination of expected units of service and the calculation of a unit cost reimbursement rate.

For the Substance Use Prevention, Treatment and Recovery Services Substance Use Prevention, Treatment and Recovery Services Block Grant (SUPTRSBG), funds are allocated by the Division as part of the annual continuation allocation.

Pregnant Women and Women with Dependent Children Set Aside Programs

Each LME/MCO that receives SUPTRSBG Women’s set-aside funds for operating treatment programs for women with substance use disorders who are pregnant, have dependent children or are seeking to regain custody of their child(ren) shall:

1. Treat the family as a unit, admitting both women and their children into treatment services, as appropriate; and

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2. Provide or arrange for the provision of the following services to pregnant women and women with dependent children, including women who are attempting to regain custody of their children:
 - a. Primary medical care for women, including referral for prenatal care and, while the women are receiving such services, childcare.
 - b. Primary pediatric care, including immunizations, for their children.
 - c. Gender specific substance use disorder treatment and other therapeutic interventions for women which may address issues of relationships, sexual, emotional and physical trauma, parenting, and childcare while the women are receiving these services.
 - d. Therapeutic interventions for children in custody of women in treatment which may, among other things, address their developmental needs, their trauma-related issues; and
 - e. Sufficient case management and transportation to ensure that women and their children have access to services provided to them as listed in items a.-d. shown above.
3. Admission Preference: In accordance with Section 1927 of P.L. 102-321, any program receiving SUPTRSBG funds for substance use disorder treatment or prevention shall:
 - 1) give admission preference to those seeking treatment as follows:
 - a. women who are pregnant and injecting drugs.
 - b. women who are pregnant and using other substances.
 - c. individuals who are injecting drugs; and
 - d. all others; and
 - 2) publicize the availability of priority admission preference by the following means:
 - a. outreach programs.
 - b. ongoing public service announcements [radio/television/social media];
 - c. regular advertisements in local/regional print media.
 - d. posters placed in targeted areas and/or agency brochures; and
 - e. frequent notification of availability of such treatment distributed to the network of community-based organizations, health care providers, and social service agencies.
 - 3) in the event that the treatment facility has insufficient capacity to provide treatment services within 48 hours, the agency must provide interim services that include counseling on the effects of drug and alcohol use on the fetus, HIV, TB, needle sharing and contact the State Capacity Management Program.

Outpatient Opioid Treatment Programs

LME/MCOs in North Carolina receive SUPTRSBG funds and contract with opioid treatment programs to serve individuals with an opioid use disorder and who may be injecting drugs. Each follows these SUPTRSBG requirements:

- Admit persons requesting treatment for IV drug use no later than 14 days after the request for services, unless at capacity. If at capacity, admission must occur within 120 days and interim services must be made available within 48 hours.
- If a program reaches 90% capacity, the program will notify the State within seven (7) days and participate in a capacity management program.
- Establish a unique identifier for those individuals receiving interim services and establish a means of maintaining contact with persons on the waiting list.
- Carry out activities designed to encourage persons in need of treatment to seek treatment using scientifically sound outreach models. This should include:
 - Selecting, training and supervising outreach workers.

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- Contacting, communicating and following up with individuals at high risk of a substance use disorder and their associates as allowed under federal confidentiality laws.
- Promoting awareness about the link between injection drug use and communicable diseases.
- Encouraging entry into treatment.

The State Opioid Treatment Authority regulates and monitors these programs for compliance with federal and State opioid regulations as well as for compliance with SUPTRSBG requirements. This oversight occurs in the following manner:

- Random, as well as for cause, unannounced on-site reviews from the State Opioid Treatment Authority, the Division of Health Service Regulation, the Drug Control Unit, the Drug Enforcement Agency, accrediting organizations and the LME/MCOs.
- Review of patient records.
- Monthly meetings of program directors with the State Opioid Treatment Authority.
- Review of take-home dose exception requests.
- Telephonic consultation and technical assistance to individual programs.
- Review of the North Carolina Treatment Outcomes and Program Performance (NC-TOPPS) outcomes measurement data.
- Communication with other federal and state regulatory and accrediting organizations.

Tuberculosis (TB) Services

All individuals served by the LME/MCOs and their contract providers for substance use disorders are screened for TB using an approved screening tool. Clients whose screenings indicate high risk are referred to the local health departments for additional screenings/testing and treatment and/or to the individual's physician (if available) if necessary. Contracted providers must provide care coordination services to assure individuals who have screened positive for Tuberculosis are referred for additional testing and receive these follow up services and treatment if indicated. All individuals admitted to state sponsored inpatient treatment facilities, such as the Alcohol and Drug Abuse Treatment Centers (ADATCs) are tested for TB and provided treatment/prophylaxis as necessary.

Juvenile Justice Behavioral Health Partnerships (JJBH)

The following LME/MCOs receive funding for JJBH teams:

1. Alliance Health
2. Partners Health Management
3. Trillium Health Resources
4. Vaya Health

The amount of these funds may be found in the DMH/DD/SUS Final Allocation Letter under MAJORS Account Number 536969, Fund 1442.

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Treatment Alternatives for Safe Communities (TASC)

Four TASC regions were established, along with the four TASC Regional Coordinating Entities (RCEs), during a “Request for Applications” process in 2001 to expand TASC services statewide. The regions reflect the State’s judicial divisions and facilitate communication and coordination with the courts and corrections. The two sponsoring LME/MCOs are:

- Regions 1 and 2 – Trillium Health Resources
- Regions 3 and 4 – Vaya Health

The two sponsoring LME/MCOs and their contractors are responsible for the operation of the established TASC RCEs. Each TASC RCE is responsible for ensuring the availability of TASC services throughout their respective region; providing monitoring, technical assistance, proactive management and problem-solving to respond to the needs of consumers and the treatment and justice systems; and serving as the management services link to the Division.

3. 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.”

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross Cutting Requirements	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	N	N	Y	Y	N	N	Y	Y	N

Crosscutting Requirements

The DHHS/Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) mandates that all the testing included within the crosscutting section be performed by the local auditors. Please refer to that section, which is identified as “DMH-0” for those mandated requirements.

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A. ACTIVITIES ALLOWED OR UNALLOWED

Costs charged to the Block Grants for Prevention and Treatment of Substance Abuse (93.959) must be allowable in accordance with 2 CFR Part 200, Subpart E — Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and any program-specific cost limitations provided in the federal award and SAMHSA guidance.

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, contracts 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 for each:
 - a. Trace the expenditures to the approved budget or spend plan, if applicable.
 - b. Determine whether the activities or costs support approved activities identified in the allocation letter and contract.
 - c. Verify that expenditures are consistent with the approved purpose of the award and program objectives.
 - d. Review supporting documentation (e.g., invoices, payroll records, contracts) to ensure costs are reasonable, allocable, consistent with auditee policies, and comply with 2 CFR Part 200, Subpart E.
4. Inquire of management regarding procedures in place to ensure expenditures and activities remain consistent with approved contracts, budgets, and spend plans.
5. For auditees that pass funds to subrecipients, review a sample of subrecipient budgets or spend plans, if required, and determine whether the auditee performed a review to ensure subrecipient activities were allowable under the program.
6. Verify classification of costs (direct vs. indirect) and ensure indirect costs charged are consistent with any federally approved rate.
7. Assess compliance with any program-specific limitations stated in the award or SAMHSA policy.
8. Confirm adequate documentation exists for each cost tested to support allowability, consistency, and compliance with federal guidance.

B. ALLOWABLE COSTS / COST PRINCIPLES

All grantees that expend State funds (including federal funds passed through the NC Department of Health and Human Services) are required to comply with the cost principles

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described in the NC Administrative Code, specifically 09 NCAC 03M .0201 and 2 CFR, Part 200 Subpart E – Cost Principles.

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.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

MATCHING: This requirement does not apply at the local level.

Level of Effort: BLOCK grant funds allocated 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 block grant funds are reduced, the LME/MCO may reduce its participation in a proportionate manner.

Earmarking: Each LME/MCO shall designate and expend no less than 20% (twenty percent) of the LME/MCO's total SUPTRS funding* for the provision of substance use primary prevention services and shall maintain adequate fiscal and programmatic records of such expenditures for SUPTRS reporting purposes. (*this amount excludes any SUPTRS Cross Area Service Program funds designated for special populations).

H. PERIOD OF PERFORMANCE

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.

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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
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

Each LME/MCO is required to annually submit to the Division the “Area Program Fund Expenditure Report of SUPTRSBG 20% Set-Aside Funds for Substance Abuse Primary Prevention Programs” to provide an accounting of the expenditure of funds for Substance Abuse Primary Prevention Programs in an amount equal to or greater than 20% of the total SUPTRSBG funds allocated to the LME/MCO.

LME/MCOs are required to submit units of service and meet funding requirements which include targeting dollars to clients or services at a level of specificity per the NCTracks services array. LME/MCOs that receive these funds are required to submit additional

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reports to meet the special requirements as stated in the Special Reporting Requirements section of an allocation letter.

The DHHS Controller's Office is responsible for submitting a SF-425 Financial Status Report to the Federal Grants Management Officer for documentation of federal funds expended according to the DHHS Cash Management Policy.

Perinatal and Maternal Substance Use Disorder Initiative

1. Designated programs shall submit the annual Cross Site evaluation and Child Health Survey.
2. Submission of NC-TOPPS for all admissions including subsequent updates.
3. Weekly report of bed availability for capacity management requirement of SUPTRSBG (residential programs only).
4. Other reports requested by DMH/DD/SUS Program Administrator.

Work First/Child Protective Services Substance Use Initiative

1. Reporting shall follow guidelines set forth in the annual Performance Contract between the LME/MCO and DMH/DD/SUS and allocation letters from DMH/DD/SUS to the LME/MCO.
2. LME/MCOs shall submit to the DMH/DD/SUS Work First/CPS Substance Use Initiative quarterly reports in compliance with Division Performance Contract. (Due 1/20, 4/20, 7/20, and 10/20 unless otherwise noted.)
3. LME/MCOs shall maintain a Memorandum of Agreement with each local department of social services (DSS) in their catchment area and review at least annually.
4. Qualified Professionals in Substance Use shall maintain documentation of assessments and tracking the progress of individuals designated to receive these services if a Mutual Responsibility Agreement with the individual and the local DSS requires substance use disorder services and individuals receiving services through Child Protective Services or Food and Nutrition Service, as appropriate.

NC CASAWORKS for Families Residential Initiative

1. Submission of NC-TOPPS for all admissions including subsequent updates.
2. Weekly report of bed availability for capacity management requirement of SUPTRSBG.
3. Other reports requested by DMH/DD/SUS Program Administrator

Juvenile Justice Behavioral Health Partnerships (JJBH)

1. Reporting shall follow guidelines set forth in the annual Performance Contract between the LME/MCO and DMH/DD/SUS and allocation letters from DMH/DD/SUS to the LME/MCO.
2. Submit NC-TOPPS Initial, Update and Discharge Interviews on all JJBH clients as required by DMH/DD/SUS.
3. Programs shall quarterly submit to DMH/DD/SUS the JJBH Monthly Report of LME/MCO Compliance with the Division Performance Contract. (Due 1/20, 4/20, 7/20, and 10/20.)

Treatment Alternatives for Safe Communities (TASC)

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Submit data, information, and reports that document program activities, budgets and performance measures. The information includes, but is not limited to:

1. TASC Regional Quarterly Reports.
2. NC-TOPPS: TASC Criminal Justice Management (CJM) performance measures.
3. TASC SOP and DMH/DD/SUS-DAC-AOC MOA;
4. Sentencing and Policy Advisory Commission requests for data.
5. Legislative requests for information; and
6. Any other Division-specified information or data.

Contract Reporting

All contractors must submit Financial Status Reports by the 10th of the month, unless an alternate date has been agreed upon and is reflected in the contract. Quarterly reports are due by the 15th day of the month following the quarter, unless alternative reporting arrangements have been agreed upon and are reflected in the executed contract.

SESSION LAW 2015-241 REQUIREMENTS

In accordance with Session Law 2017-57, Section 11A.14. and as amended by Session Law 2018-5, Section 11A.14 (b), the following requirements apply to this award:

No later than December 1st of each fiscal year, each nonprofit organization receiving funding shall submit a written report to include the following information about the fiscal year preceding the year in which the report is due:

- a) The entity's mission, purpose, and governance structure.
- b) A description of the type of programs, services, and activities funded by State appropriations.
- c) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
- d) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
- e) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

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.

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- 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.
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.