

93.994 - 21 MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES

**State Project/Program: PERINATAL NURSE CHAMPION PROGRAM
(FORMERLY KNOWN AS THE PERINATAL/NEONATAL
OUTREACH COORDINATOR PROGRAM)**

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: N/A

State Authorization: SL 2017-57, Section 11E.3

**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)”.

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.

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I. PROGRAM OBJECTIVES

The Perinatal Nurse Program seeks to improve (reduce) North Carolina's maternal and neonatal morbidity and mortality rates and improve birth outcomes. The program will accomplish this goal by establishing a system to determine risk appropriate levels of maternal and neonatal care, increase the availability of provider training and education as well as evaluating and addressing gaps in maternal health services within select Perinatal Care Regions in North Carolina. In 2020, the name of the program was changed from the Perinatal/Neonatal Outreach Coordinator Program to the Perinatal Nurse Champion Program (PNC) to align with other funding that expanded the program statewide.

The North Carolina Department of Health and Human Services (DHHS), Division of Public Health (DPH), Women and Children's Health Section (WCHS) is part of the state Title V agency charged to plan and support the State's perinatal care system and is the applicant agency for this funding opportunity announcement. Women, Infant, and Community Wellness Section with its partners will work collaboratively to improve birth outcomes for both mothers and babies in North Carolina.

II. PROGRAM PROCEDURES

Pursuant to Senate Bill 257, the North Carolina Department of Health and Human Services, Division of Public Health, Women, Infant, and Community Wellness Section is administering the Perinatal Nurse Champion (PNC) Program to improve maternal and neonatal outcomes in the state. The previously funded Perinatal/Neonatal Outreach Education and Training (POET/NOET) Program provided training across the state to improve clinical practices and patient outcomes in the state's birthing hospitals, community health centers, health departments and physician office practices. Funding for the program ended in 2009. With this new legislation, the programs work to improve the state's maternal and neonatal morbidity and mortality rates.

The goals of the PNC program are 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

The PNC program will prioritize grant initiatives in two Perinatal Care Regions (PCRs): I Western and III Southwestern. The PNCs will lead the implementation of selected MMRC recommendations aimed at reducing maternal mortality and SMM in the respective regions.

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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	Y	Y	Y	N	Y	Y	Y

A. Activities Allowed or Unallowed

Grantee 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.

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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 more than \$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 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 the 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 implement regulations applicable to procurements, as noted in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200.

E. Eligibility

North Carolina public or non-profit private institution that is physically located within the perinatal care region it proposes to serve and must have the capacity to serve the entire perinatal care region. This is the responsibility of the contract administrator and is not passed on to the auditors to perform.

F. Equipment and Real Property Management

Equipment must be accounted for in accordance with the North Carolina

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Department of State Treasurer Policies Manual, Chapter 20, Fixed Assets Policy.

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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 more than \$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:
 - 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.
 - 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 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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5. Prior written approval from the 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 implement regulations applicable to procurements, as noted in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200.

G. Matching, Level of Effort, Earmarking

However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients. Not applicable at the local level.

H. Period of Performance

However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients. Not applicable at the local level.

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.

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.

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. 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 the 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.

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Performance Reporting

Organizations submit mid-year and end-year reports to the Maternal Health Branch Program Manager based on performance requirements identified in the Scope of Work in the executed contract.

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.