

93.994-5 MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES

State Project/Program: GENETIC HEALTH CARE PROGRAM

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200

State Authorization: 10A NCAC 43H .0301

**N. C. Department of Health and Human Services
Division of Child and Family Well-Being**

Agency Contact Person – Program

Lara Perenti
(919) 218-6460
lara.perenti@dhhs.nc.gov

Agency Contact Person – Financial

Tinishia Washington
Phone:919-707-5621
Tinishia.Washington@dhhs.nc.gov

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.

I. PROGRAM OBJECTIVES

The purpose of the Genetics Health Care Program is to improve the quality of life by minimizing the impact of genetic disease, thus reducing infant mortality and morbidity. In North Carolina, about five percent of the population suffers from serious genetic disorders causing intellectual disability, physical deformities, and early death. These include conditions detected by newborn screening. To reduce morbidity and mortality resulting from these inherited and congenital disorders, it is essential to provide genetic services for at-risk families and individuals.

II. PROGRAM PROCEDURES

These genetic services are provided by a team of medical experts trained in the field of clinical medical and biochemical genetics. These experts are employed by major medical centers. Thus, the Genetic Health Care Program contracts with one major medical center for the provision of comprehensive clinical genetic services which include a medical diagnostic evaluation, genetic counseling, treatment, genetic education, and select newborn screening follow-up services. Without the support of State funding, these services would not be accessible to the citizens of North Carolina.

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	Y	N	Y	Y	Y

A. Activities Allowed or Unallowed

Genetic Health Care funds may be used solely for the purpose of providing patient care, which includes genetic diagnostic evaluations, laboratory tests, counseling, treatment, newborn screening follow-up services and education as described in the contract. All of the contractor’s work must be performed in compliance with 15A NCAC 21H .0306, transferred and recodified as 10A NCAC 43.

Funds shall not be used for the following (15A NCAC 21H .0306, transferred and recodified as 10A NCAC 43).):

- Purchase of materials and equipment unless used primarily in the delivery of genetic services; or
- Provision of basic clinical research.

Suggested Audit Procedure

Review contract requirements and determine types of activities which are allowable for reimbursement under the terms of the contract.

Sample monthly invoices to DCFW to verify that the costs billed to DCFW were related directly to the allowable activities to be reimbursed under the terms of the contract.

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 09 NCAC 03M.0201.

C. Cash Management

Not applicable at local level

E. Eligibility

Any North Carolina resident suspected of having a genetic disorder can be referred for genetic services. No family is denied service because of inability to pay (15A NCAC 21H .0306, transferred and recodified as 10A NCAC 43).

G. Matching, Level of Effort, Earmarking

Not applicable at local level

H. Period of Performance

Not applicable at local level

I. Procurement and Suspension and Debarment

As part of the State contracting process, Contractors are required to complete federal certification forms attesting compliance with the rules below.

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the NCDHHS are required to conform to federal agency codifications of the grants management common rule accessible on the Internet at: <https://www.whitehouse.gov/omb/information-foragencies/circulars/>.

All grantees that expend State funds (including federal funds passed through the NCDHHS) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, accessible at:

<https://www.doa.nc.gov/divisions/purchase-contract/procurement-rules>

Nongovernmental sub-recipients shall maintain written procurement policies that are followed in procuring the goods and services required to administer the program.

Suspension and Debarment

All grantees awarded contracts utilizing Federal dollars must be in compliance with the provisions of Executive Order 12549, 45 CFR Part 76 and Executive Order 12689.

Suggested Audit Procedures

Test a sample of procurements to ascertain if the applicable laws and the awarding agency procedures were followed.

L. Reporting

1. Financial Reporting

Contractor must adhere to the financial reporting requirements as detailed in the contract. All income spent during each month must be reported on the monthly expenditure report.

2. Performance Report

The contractor must provide quarterly program reports and an annual final program report as detailed in the contract.

Suggested Audit Procedure

Perform review of submitted reports to ascertain whether they are properly formatted and completed.

M. Subrecipient Monitoring

The contractor shall not subcontract any of the work contemplated under this contract without obtaining prior written approval from the Division. Any approved subcontract shall be subject to all conditions of this contract. Only the subcontractors specified in the contractor's application are to be considered approved upon award of the contract. The contractor shall be responsible for the performance of any subcontractor.

N. Special Tests and Provisions

Conflict of Interest and Certification Regarding 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 (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 (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 subgrantee 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

Verify that the Conflict-of-Interest declaration is signed AND that there are no overdue tax debts at the federal, state, or local level.