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**MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT
TO THE STATES**

**State Project/Program: 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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SFY 2021 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 DHHS 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 2020-2021). 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 2019-2021)”.

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 2021 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

The Perinatal/Neonatal Outreach Coordinator 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.

The North Carolina Department of Health and Human Services (DHHS), Division of Public Health (DPH), Women and Children’s Health Section (WCHS) is 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. WCHS 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’s Health Branch is administering the Perinatal/Neonatal Outreach Coordinator project to improve maternal and neonatal outcomes in the state. The previously funded Perinatal/Neonatal Outreach Coordinator (PNOC) 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 goal of the PNOC program were identified through the North Carolina Perinatal Health Strategic Plan (NCPHS Plan) which is a state-wide initiative designed to address infant mortality, maternal health, maternal morbidity and the health of men and women of childbearing age. The plan has three over- arching goals: 1) improve healthcare for men and women; 2) strengthen families and communities; and 3) address social and economic inequities. The following is a selected goal and strategy from the NCPHS Plan, among others, to improve health care for women and men that specifically relate to the work of the Perinatal/Neonatal Outreach Coordinator:

- 1 Improve the quality of maternal care:
 - a. Strategy: Ensure that all pregnant women and high-risk infants have access to the appropriate level of care through a well-established regional perinatal system.
 - i. Action step: Assess the levels of neonatal and maternity care services for hospitals using the consensus recommendations of the American Academy of Pediatrics (AAP), the American College of Obstetricians and Gynecologists (ACOG), and the Society for Maternal-Fetal Medicine (SMFM).

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To meet this goal, the PNOC program worked with birthing hospitals using the Centers of Disease Control and Prevention’s Levels of Care Assessment Tool (CDC LOCATe). The CDC LOCATe tool is a web-based tool helps states and other jurisdictions create standardized assessments of levels of maternal and neonatal care. CDC LOCATe is based on the most recent guidelines and policy statements issued by the American Academy of Pediatrics, the American College of Obstetricians and Gynecologists, and the Society for Maternal-Fetal Medicine. The PNOC provided education, technical assistance, and support for quality improvement initiatives based on needs or gaps identified by CDC LOCATe and a maternal health gap analysis in their respective region.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

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 2021 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.

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.

E. Eligibility

North Carolina public or non-profit private institution that is physically located within the perinatal region it proposes to serve and must have the capacity to serve the entire perinatal region. This is 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 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.
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 in excess of \$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 for 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.
 - 5. Prior written approval from 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 implementing regulations applicable to procurements, as noted in Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200.
- 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](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.

- 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 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.

- Performance Reporting

- Organizations submit mid-year and end-year reports to the Women's 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 Notarized 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.