



Frequently Asked Questions on the Memorandum of Agreement  
On the Allocation and Use of Opioid Settlement Funds in North Carolina  
May 2022

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## PART 1: GENERAL QUESTIONS

### 1. What is this FAQ?

This FAQ – prepared by the North Carolina Department of Justice (NC DOJ) – answers questions about the Memorandum of Agreement ([MOA](#)) on the allocation, use, and reporting of opioid settlement funds in North Carolina. NC DOJ has also prepared a [separate FAQ](#) about the Option A strategies that are part of the MOA.

### 2. What is the MOA?

The [MOA](#) is an agreement that governs the allocation, use, and reporting of certain opioid settlement funds in North Carolina. (Read the [text](#) of the MOA.)

### 3. What if there is a discrepancy between this FAQ and the MOA?

If there is a discrepancy between this FAQ and the MOA, the terms of the MOA take precedence. The MOA is a binding legal document. This FAQ is an effort to explain that document in user-friendly terms.

### 4. What settlement agreements does the MOA govern?

At present, the MOA governs the allocation, use, and reporting of two settlement agreements in North Carolina:

- The first involves the “big three” drug distributors – Cardinal, McKesson, and AmerisourceBergen. (Read the [NC consent judgment](#) and the [national settlement agreement](#).)
- The second involves Johnson and Johnson (J&J) and its subsidiary Janssen pharmaceuticals. (Read the [NC consent judgment](#) and the [national settlement agreement](#).) [MOA p. 5]

This FAQ refers to these settlements as the distributor and J&J settlement agreements or just the settlement agreements. It refers to funds coming from these settlement agreements as settlement funds.

### 5. What other matters might the MOA govern in North Carolina?

The MOA is intended to govern future payments resulting from the potential resolution of certain [bankruptcy proceedings](#) involving Purdue Pharma, Mallinckrodt, or other companies “concerning alleged misconduct in manufacture, marketing, promotion, distribution, or dispensing of an opioid analgesic.” [MOA p. 4]

### 6. What about the McKinsey settlement?

The MOA does not govern the [settlement](#) between the state of North Carolina and McKinsey & Company. In early 2021, Attorney General Josh Stein announced a \$573 million multi-state settlement with McKinsey, resolving investigations into the company’s role in advising opioid companies how to promote their drugs and profit from the opioid epidemic. The settlement provides nearly \$19 million over five years for the state of North Carolina, with all funds allocated by the North Carolina General Assembly (NCGA) to address the opioid epidemic across the state.

Learn more about the [McKinsey settlement](#). See how the NCGA appropriated \$15 million in funds from the settlement on pages 217-219 of the 2021-2023 [state budget](#).

## 7. What local governments must abide by the MOA?

Any local government receiving opioid settlement funds from the distributor or J&J settlement agreements (or any future bankruptcy resolutions) described above must abide by the MOA with respect to the handling, use, and reporting of those funds. [MOA §§ B.1 & E.1] A list of local governments entitled to receive opioid settlement funds is provided in question 15 below.

## 8. What does the MOA require of local governments receiving opioid settlement funds?

Below is a broad-brush overview of some of the key requirements in the MOA. This overview does not replace the specific terms of the MOA; nor does it include every provision of the MOA that local governments must follow.

In general terms, to comply with the MOA, a local government receiving opioid settlement funds must do the following:

- A. Establish a fund. A local government receiving opioid settlement funds must secure them in a special revenue fund. These funds are subject to audit and cannot be commingled with other funds. This is covered in Part 3 of this FAQ and in Sections D and F of the MOA.
- B. Authorize spending. Before spending opioid settlement funds, a local government must authorize the expenditure of such funds. This must take place through a formal budget or resolution that includes certain details including the amount, time period, and specific strategy funded. This is covered in Parts 3 and 5 of this FAQ and in Section E.6 of the MOA.
- C. Understand and follow the options. A local government must spend opioid settlement funds on opioid remediation activities authorized under Option A or Option B as detailed in the MOA. This requires a strong understanding of – and strict compliance with – the requirements of each option. This is covered in Part 4 of this FAQ and in Section E.5 and Exhibits A, B and C of the MOA.
- D. Report spending and impact. A local government that receives, spends, or holds opioid settlement funds during a fiscal year must file an annual financial report within 90 days of the end of the fiscal year. (This report is required if funds are received or held, even if they are not spent.) A local government that spends opioid settlement funds during a fiscal year must file an annual impact report within 90 days of the end of the fiscal year. These and other reporting requirements are covered in Part 5 of this FAQ and in Sections E.6 and F.6 and Exhibits C, E and F of the MOA.
- E. Hold annual meeting. The MOA requires that each county receiving opioid settlement funds hold at least one annual meeting open to the public, with all municipalities in the county invited to the meeting. The purpose of the meeting is to

receive input from municipalities on proposed uses of the opioid settlement funds and to encourage collaboration between local governments. [MOA §E.4]

## 9. When should the annual meeting take place?

The MOA does not say when the annual meeting should take place, does not clarify whether the term “annual” refers to the fiscal year or the calendar year, and does not provide any further detail regarding the required annual meeting. [MOA § E.4]

## 10. How can I get more information?

The Community Opioid Resources Engine for North Carolina ([CORE-NC](#)) is the resources and reporting hub for the North Carolina opioid settlements and should be your first stop for information, tools, and resources. CORE-NC is a partnership of [NC DOJ](#), the University of North Carolina Injury Prevention Research Center ([IPRC](#)), the NC Department of Health and Human Services ([NC DHHS](#)), the NC Association of County Commissioners ([NCACC](#)), the NC League of Municipalities ([NCLM](#)), and other partners, with seed money generously provided by the [Duke Energy Foundation](#).

Here are some additional resources:

- Read [this overview](#) from NC DOJ of the opioid litigation and MOA.
- Read [this overview](#) of the opioid litigation and MOA from [NCACC](#).

Regarding the MOA:

- Read the [text](#) of the MOA.
- Read an [FAQ](#) about Option A strategies in the MOA.

Regarding the distributor agreement:

- Read the [NC consent judgment](#).
- Read the [national settlement agreement](#).

Regarding the J&J agreement:

- Read the [NC consent judgment](#).
- Read the [national settlement agreement](#).

## 11. What if I’ve read this FAQ – and the [separate FAQ](#) about the Option A strategies – and I still have questions about the MOA?

For legal questions about the opioid settlements or the MOA, you can email NC DOJ at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov).

For questions about opioid-related strategies and resources, you can email NC DHHS at [opioidsettlement@dhhs.nc.gov](mailto:opioidsettlement@dhhs.nc.gov).

In addition, county officials may wish to seek advice or assistance from their attorneys or [NCACC](#) and municipal officials may wish to contact their attorneys or [NCLM](#).

## PART 2: ALLOCATION OF FUNDS

### **12. How are opioid settlement funds allocated between the state of North Carolina and local governments in North Carolina?**

The MOA allocates 15 percent of opioid settlement funds to the state and 85 percent to local governments. [MOA § B.2]

### **13. What about the “county incentive fund” mentioned in the MOA?**

As a technical matter, the MOA allocates 15 percent of opioid settlement funds to the state, 80 percent to local governments, and 5 percent to a “county incentive fund.” [MOA §§ B.2 & G]

As a practical matter, because every local government receiving settlement funds has qualified to participate in the “county incentive fund,” the 80 percent going to local governments and the 5 percent going to the “county incentive fund” in effect merge into a single 85 percent share of opioid settlement funds going to local governments.

### **14. What happens to the state portion of the funds?**

The North Carolina General Assembly (NCGA) decides how to spend the 15 percent state share in keeping with the broad requirement – stated in the national settlement agreements and the MOA – that such funds be spent on opioid remediation activities. [MOA § B.5] (Read how the NCGA appropriated \$15 million in funds from the [McKinsey settlement](#) on pages 217-219 of the 2021-2023 [state budget](#).)

### **15. Which local governments receive opioid settlement funds under the MOA?**

Local governments entitled to receive direct payments under the settlements are the 100 North Carolina counties plus any municipality that either filed suit against the defendants, or had a population of 75,000 or more in 2019, or both. Based on those criteria, the municipalities entitled to receive opioid settlement funds under the MOA are Asheville, Canton, Cary, Charlotte, Concord, Durham, Fayetteville, Gastonia, Greensboro, Greenville, Henderson, Hickory, High Point, Jacksonville, Raleigh, Wilmington, Winston-Salem. [MOA § B.4.a & Exhibit G]

Note that a municipality may direct its opioid settlement funds to the county or counties where it is located as discussed below.

### **16. If a county and a municipality within that county are both receiving opioid settlement funds, isn't that double dipping?**

No. In situations where a county and a municipality within that county receive settlement funds, the portion of the settlement funds awarded to the county has been reduced by the amount awarded to the municipality – so there is no double dipping.

**17. If a municipality is not receiving opioid settlement funds under the MOA, how do municipal residents benefit from the opioid settlements?**

Residents of all municipalities in North Carolina – including those that receive settlement funds and those that do not – stand to benefit from county and state programs and services supported with opioid settlement funds.

**18. How much money will each local government receive from these settlements?**

The Community Opioid Resources Engine for North Carolina ([CORE-NC](#)) includes a [schedule of estimated payments](#) for each local government receiving opioid settlement funds.

**19. Looking at the [schedule of estimated payments](#) for my county, what do you mean by the terms “spring” and “summer” of 2022? Can you be more specific about when my county will receive payments?**

The terms “spring” and “summer” reflect uncertainty about the exact timing of estimated payments to local governments. By way of explanation, the flow of funds under the settlement is a two-step process.

- First, the defendants make lump-sum payments to the national settlement administrator, [BrownGreer PLC](#).
- Second, the national administrator makes wire transfers to the dozens of state governments and thousands of local governments set to receive payments under the national settlements and the various state-level agreements (which differ from state to state).

While the deadlines for the defendants to make lump-sum payments to the national settlement administrator (step one) are clear, the timing of the later payments from the national administrator to state and local governments (step two) depends on complicated logistics implemented by the national settlement administrator.

Regarding the spring 2022 payments: The distributors released funds to the national settlement administrator in early April 2022 (step one). The national administrator will disburse these funds to local and state governments in North Carolina in May 2022. (Note that there is no J&J payment in the Spring of 2022.)

Regarding the summer 2022 payments: J&J will release funds to the national settlement administrator on July 1, 2022 and July 15, 2022; and the distributors release funds to the national settlement administrator on July 15, 2022 (step one). The national settlement administrator will then disburse these funds to local and state governments sometime thereafter (step two). We use the term “summer 2022” to account for the uncertain timing of step two.

**20. What is the timing of payments after 2022?**

Regarding summer payments from 2023 through 2031: J&J will release funds to the national settlement administrator on June 1 of each year and the distributors will release funds to the national settlement administrator on July 15 of each year (step one). In each of these years, the national settlement administrator will then disburse these funds to local and state governments sometime thereafter (step two). Note that J&J will make its last settlement payment in 2031.

Regarding summer payments from 2032 through 2038: The distributors will release funds to the national settlement administrator on July 15 of each year (step one). In each of these years, the national settlement administrator will then disburse those funds to local and state governments sometime thereafter (step two).

**21. Can a municipality direct its opioid settlement funds to the county or counties where it is located?**

Yes. The MOA provides that a municipality may elect to have its share of opioid settlement funds directed to the county or counties where the municipality is located. If a municipality is located in more than one county, the municipality's funds are directed to those counties based on a formula developed at the national level by the Plaintiffs' Executive Committee. [MOA § B.4.b] A municipality interested in learning more about this option should email NC DOJ at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov).

**22. Have any municipalities directed their opioid settlement funds to the county or counties where they are located?**

Yes. Cary, Gastonia, and Raleigh have directed their settlement payments to the counties where they are located. The [estimated payments](#) to Chatham, Durham, Gaston, and Wake Counties have increased to reflect this.

**23. Would it be a good idea for a local government to immediately spend the first batch of opioid settlement funds as soon as the funds are received in May of 2022?**

No, this would not be a good idea, for several reasons.

First, local governments should take some time to fully understand and follow the MOA before spending opioid settlement funds.

Second, local governments are encouraged to engage in a thoughtful planning process before spending opioid settlement funds, whether they proceed under Option A or Option B and regardless of what opioid remediation strategy or strategies they ultimately decide to fund.

Third, a local government that spends opioid settlement funds in the current fiscal year (before July 1, 2022) will be required to file detailed financial and impact reports within

90 days of the end of the current fiscal year (by September 28, 2022). By contrast, a local government waits until after July 1, 2022 to spend opioid settlement funds will not have to submit detailed financial and impact reports until the fall of 2023 at the earliest. [MOA § F.6 & Exhibits E & F.]

Clarification: A local government that receives but does not spend opioid settlement funds during the current fiscal year will have to file an annual financial report by September 28, 2022. However, that report will be relatively simple – reporting a starting balance of zero, receipt of (for example) \$250,000 in opioid settlement funds, and an ending balance of \$250,000. By contrast, a local government that receives and spends opioid settlement funds in the current fiscal year (before July 1, 2022) will be required to submit a more detailed annual financial report as well as an annual impact report by September 28, 2022. These requirements are detailed in Part Five below.

Conclusion: While it is possible – consistent with the MOA – for a local government to spend the first batch of opioid settlement funds in the current fiscal year, there are several good reasons for local governments to wait until the 2022-2023 fiscal year or thereafter.

#### **24. What formula was used to allocate opioid settlement funds among local governments?**

The allocation formula for the NC MOA is derived directly from the allocation model developed at the national level by experts retained by the outside counsel for local governments. The national allocation model gives equal weight to three factors:

- A. Opioid Use Disorder (“OUD”). Under this factor, each county is assigned a percentage derived by dividing the number of people in the county with OUD by the total number of people nationwide with OUD. The model uses data reported in the National Survey on Drug Use and Health for 2017.
- B. Overdose Deaths. This factor assigns to each county a percentage of the nation’s opioid overdose deaths. The percentage is based on Multiple Causes of Death data reported by the National Center for Health Statistics, the Centers for Disease Control and the U.S. Department of Health and Human Services. The data so reported is then adjusted using a standard, accepted method designed to address the well-established under-reporting of deaths by opioid overdose.
- C. Amount of Opioids. This factor assigns to each county a percentage of the national opioid shipments during 2006-2016 (expressed as morphine molecule equivalents) that produced a negative outcome. This percentage is based on data reported by the U.S. Drug Enforcement Agency in its so-called ARCOS database. Each county’s share of national shipments is multiplied by the higher of two ratios: (1) the ratio of the percentage of people in the county with OUD to the percentage of people nationwide with OUD; or (2) the ratio of the percentage of people in the county who died of an opioid overdose between 2006-2016 to the national percentage of opioid overdose deaths during that time.



## PART 3: USE OF FUNDS IN GENERAL

### **25. What does the MOA say about the special revenue fund that each local government must establish?**

The MOA states that each local government receiving opioid settlement funds must create a separate special revenue fund that is designated for the receipt and expenditure of opioid settlement funds. Funds in this special revenue fund may not be commingled with any other funds. [MOA § D]

### **26. Does the MOA require a unique bank account for the special revenue fund?**

The MOA does not require a unique bank account for the special revenue fund; nor does the MOA prohibit (or even mention) such an account.

### **27. Does the MOA require that a local government spend all of the funds it receives in a fiscal year by the end of that fiscal year?**

No, the MOA does not require this. The MOA allows a local government to roll funds over from year to year. The annual financial report described in Exhibit E to the MOA allows a local government to report the amount of opioid settlement funds in the special revenue fund at the end of each fiscal year. [MOA Exhibit E]

### **28. Does the MOA allow a local government to invest and earn interest on settlement funds?**

Yes, the MOA states that the funds in the special revenue fund may be invested, consistent with the investment limitations for local governments in North Carolina. The funds may be placed in an interest-bearing bank account, with any interest earned used in a way that is consistent with the MOA. [MOA § D.3]

### **29. Can funds in the special revenue fund be used for a loan or pledge of assets?**

It depends. Under the MOA, funds in the special revenue fund may be used for a loan or pledge of assets only if the loan or pledge is for an opioid remediation purpose that is consistent with the terms and procedures laid out in the MOA. [MOA § D.2]

### **30. Can a local government make contracts with or provide grants to a third party to carry out the responsibilities of the local government under the MOA?**

Yes. The MOA provides that a local government may make contracts with or grants to a nonprofit, charity, or other entity to use opioid settlement funds in a manner consistent with all of the substantive and procedural terms of the MOA and all other applicable laws and rules. [MOA § D.2]

**31. Can a local government contract with a for-profit entity to carry out the responsibilities of the local government under the MOA?**

Yes. As noted above, the MOA provides that a local government may make contracts with or grants to a nonprofit, charity, or other entity to use opioid settlement funds in a manner consistent with all of the substantive and procedural terms of the MOA and all other applicable laws and rules. NC DOJ interprets the word “other entity” to include a for-profit entity – and finds nothing in the structure or text of the MOA that would suggest otherwise. [MOA § D.2]

**32. If a local government contracts with a third party to carry out the responsibilities of the local government under the MOA, does that relieve the local government of its obligations under the MOA?**

No, it does not. The local government always bears ultimate legal responsibility for its obligations under the MOA.

Recommendation from NC DOJ: A local government that contracts with a third party to carry out any aspect of the MOA should ensure that the third party complies with the MOA. To that ensure this happens, NC DOJ recommends that the local government build relevant MOA requirements into the contract with the third party.

Example of this recommendation: Under the MOA, a local government that spends opioid settlement funds during a fiscal year must file annual financial and impact reports within 90 days of the end of the fiscal year (as discussed in Part 5 of this FAQ and in Section F.6 and Exhibits E and F of the MOA). Knowing this, the local government should ensure that any sub-recipient of opioid settlement funds has agreed in advance – as part of its contract – to provide whatever information the local government will eventually need in order to comply with the annual financial and impact reporting requirements stated in the MOA.

**33. Can a local government assign to another entity its right to receive opioid settlement payments?**

No. Although a local government may make contracts with or grants to a nonprofit, charity, or other entity, the local government may not assign to another entity its rights to receive payments from the national settlements or its responsibilities for funding decisions. [MOA § D.2]

**34. What general requirements must a local government follow to spend funds in the special revenue fund?**

There are two kinds of requirements for a local government to spend funds in the special revenue fund:

- As a substantive matter, the expenditure must be allowed under Option A or Option B, which are discussed in Part 4 of this FAQ and in Section E.5 of the MOA.
- As a procedural matter, before spending opioid settlement funds, a local government must specifically authorize the expenditure of such funds in the manner described in the MOA. [MOA § E.6]

### **35. What specific process must a local government follow in order to spend opioid settlement funds?**

Before spending opioid settlement funds, a local government must formally authorize the expenditure in its budget or through a separate resolution or ordinance. The budget item or separate resolution/ordinance must do all of the following:

- Indicate that it is an authorization for expenditure of opioid settlement funds.
- State the specific strategy or strategies the county or municipality intends to fund pursuant to Option A or Option B (using the item letter and/or number in Exhibit A or Exhibit B to identify each funded strategy).
- State the amount dedicated to each strategy for a stated period of time.

[MOA § E.6]

This information must be reported to the Community Opioid Resources Engine for North Carolina ([CORE-NC](#)) as discussed in Part 5 below and in Section F.6.c of the MOA.

## **PART 4: WHICH STRATEGIES TO FUND**

### **36. When deciding which opioid remediation strategies to fund, what is the relevance of Option A and Option B?**

Under the MOA, a local government may spend opioid settlement funds on opioid remediation strategies authorized under Option A or Option B or both. [MOA § E.5]

### **37. What is Option A?**

Under Option A, a local government may fund one or more strategies from a [shorter list](#) of evidence-based, high-impact strategies to address the epidemic. This option allows for but does not require specific planning activities at the local level. [MOA § E.5.a & Exhibit A]

For more information, read [the list](#) of Option A strategies, review [this FAQ](#) about the various Option A strategies, and consider [these resources](#) to help you better understand and implement the strategies.

### **38. What is Option B?**

Under Option B, a local government that first undertakes a [collaborative strategic planning process](#) resulting in a report and non-binding recommendations may then select one or more strategies from the [shorter list](#) of Option A strategies or from a [longer list](#) of strategies included in the national opioid settlements.

By going through the [collaborative strategic planning process](#) that is required under Option B, the local government not only reaps the benefits of thoughtful and inclusive planning but also opens up a wider array of strategies available to address the epidemic. [MOA § E.5.b & Exhibits B & C]

### **39. Can a local government proceed with Option A and Option B at the same time?**

Yes. For example, a county that has received \$500,000 in opioid settlement funds could decide to spend \$75,000 on naloxone distribution pursuant to Option A, strategy 7 – and to do so immediately.

At the same time, the county could undertake the [collaborative strategic planning process](#) described in Option B before making a decision on how to spend the remaining \$425,000 received that year (along with additional payments in future years). After undertaking the collaborative strategic planning process resulting in the report and non-binding recommendations under Option B, the local governing body would have a wider array of strategies to fund, including strategies from the [shorter list](#) of Option A strategies as well as strategies from the [longer list](#) of strategies included in the national opioid settlements. [MOA § E.5 & Exhibits A, B & C]

### **40. Can a local government select different options in different years?**

Yes. For example, a county could undertake the Option B collaborative strategic planning process in year one and then spend opioid settlement funds on an Option A strategy in year two.

Meanwhile, the county next door could spend all of its year one opioid settlement funds on employment related services pursuant to Option A, strategy 5, and then undertake the Option B collaborative strategic planning process starting in year two.

### **41. Can you clarify the relationship between planning activities as an Option A strategy and the collaborative strategic planning process that is required under Option B?**

Yes. Under Option A, a local government may fund one or more strategies from a [shorter list](#) of to address the epidemic, and the first of those Option A strategies is collaborative strategic planning. A local government has wide latitude in what planning activities it decides to fund under Option A – including staff support, facilitation services, or any activity or combination of activities listed in [Exhibit C](#) to the MOA. [MOA § E.5.a & Exhibits A & C]

Under Option B, a local government that first undertakes a [collaborative strategic planning process](#) resulting in a report and non-binding recommendations may then select one or more strategies from the [shorter list](#) of Option A strategies or from a [longer list](#) of strategies included in the national opioid settlements. The [collaborative strategic planning process](#) that is required under Option B is detailed in [Exhibit C](#) to the MOA; and all of these steps in Exhibit C are required. [MOA § E.5.b & Exhibits A, B & C]

By way of analogy, planning support under Option A is similar to an “a la carte” menu where a local government is free to choose any planning-related item or items to fund. By contrast, collaborative strategic planning under Option B is more like a pre-set menu where a sequence of activities is established in advance.

**42. If a local government chooses to engage in the collaborative strategic planning process required for Option B and detailed in Exhibit C, can it use opioid settlement funds to cover the cost of the planning process?**

Yes. A local government may rely on Option A, strategy 1 to cover any or all costs associated with the collaborative strategic planning process that is required under Option B – including staff support, facilitation services, or any activity or combination of activities listed in Exhibit C to the MOA. This another example of how a local government may undertake Option A and Option B at the same time. [MOA § E.5.a & Exhibit A]

**43. Is there a deadline for a local government to select Option A and Option B?**

The MOA does not set a specific deadline for a local government to decide whether it will proceed under Option A or Option B or both. The first time a local government is required under the MOA to address this issue in a formal manner is when the local government first authorizes spending of opioid settlement funds out of the special revenue fund established for this purpose.

As a reminder, before spending opioid settlement funds, a local government must authorize the expenditure through its budget or a separate resolution or ordinance authorizing the expenditure and (among other things) stating the specific strategy or strategies that the local government intends to fund pursuant to Option A or Option B (using the item letter and/or number in Exhibit A or Exhibit B to identify each funded strategy). [MOA § E.6]

At that moment, the local government may:

- Fund a strategy from the [shorter list](#) of Option A strategies (regardless of any planning efforts it may or may not have undertaken at that point); or
- Fund a strategy from a [longer list](#) of strategies included in the national opioid settlements (but only if the local government has previously undertaken the

[collaborative strategic planning process](#) and completed the report and recommendations that are required under Option B).

[MOA § E.5.b & Exhibits B & C]

This formal authorization to spend opioid settlement funds out of the special revenue fund is the first time that a local government is required under the MOA to go on record indicating a preference for Option A or Option B.

**44. Does NC DOJ or some other state agency or authority have to “sign off” on the strategy or strategies that a local government chooses to fund?**

No. A local government is free to choose any strategy that is authorized under the MOA in keeping with the terms and procedures laid out in the MOA and any other applicable laws and rules.

**45. Are there any factors to keep in mind when deciding how many different strategies to fund with opioid settlement funds?**

A local government has the freedom to fund as few strategies or as many strategies as it sees fit so long as it complies with the terms of the MOA. Every county and municipality in North Carolina is unique, and the considerations that come into play when making these spending decisions will vary from place to place.

One factor to take into account – which may not be as obvious as other considerations – has to do with the reporting obligations under the MOA that are discussed in Part 5 of this FAQ. Both the annual financial report and the annual impact report call for certain information that is specific to each funded strategy. For this reason, when it comes time to file annual financial and impact reports, a local government that has chosen to fund ten different strategies will have more work to do than a local government that has funded a single strategy or a small number of strategies.

In light of this factor, local governments are encouraged to consider the entire mix of available funding sources – including funds from the opioid settlements, the American Rescue Plan Act, and other sources – when developing strategies to address the opioid epidemic. Not every worthy program that addresses the opioid epidemic in some form or fashion has to be funded with opioid settlement funds – especially when other sources of funding may be available.

**46. With respect to Option B, what does the MOA say about the report and recommendations that come at the end of the collaborative strategic planning process?**

The collaborative strategic planning process required under Option B is described in [Exhibit C](#) to the MOA. The final step in that planning process is to offer a report and non-binding recommendations to the local governing body (such as the county board or city council). The contents of the report and recommendation are detailed in the right-hand column of Exhibit C. [MOA § E.5.b & Exhibit C]

**47. Are the report and recommendations available to the public?**

Yes. Since collaborative strategic planning is a public process involving a diverse array of stakeholders, the report and recommendations that come out of this process are public as well. In addition to any local efforts to share the report and recommendations with stakeholders and members of the public, the report and recommendations must be reported to the Community Opioid Resources Engine for North Carolina ([CORE-NC](#)) within 90 days of the date they are formally submitted to the local governing body for consideration. [MOA §§ E.5.b & F.6.c & Exhibit C]

**48. Does the local governing body have to accept the recommendations?**

No, the recommendations are not binding on the governing body. Under Option B, once a local government undertakes the collaborative strategic planning process and finalizes the report and recommendations, the local governing body may select one or more strategies from the shorter list of Option A strategies (Exhibit A to the MOA) or one or more strategies from the longer list of strategies included in the national opioid settlements (Exhibit B to the MOA) – and the governing body is not required to select the strategy or strategies recommended in the report and recommendations.

**49. Does NC DOJ or some other state agency or authority have to “sign off” on the report and recommendations?**

No.

**50. Is regional planning allowed or required under the MOA?**

Regional planning is allowed and encouraged under the MOA – but it is not required.

**51. If a group of local governments want to engage in regional planning, do they have to proceed under Option A or Option B?**

Regional planning is allowed and encouraged regardless of whether the local governments involved are proceeding under Option A or Option B. With respect to Option B, the MOA provides that (if they wish to do so) two or more local governments may undertake a single collaborative strategic planning process resulting in a report and recommendations to all of the local governments involved. [MOA § E.5.b]

**52. Can a local government use opioid settlement funds to support regional planning?**

Yes. As noted above, a local government can take advantage of Option A, strategy 1 to support a wide array of planning activities, including regional planning.

**53. Is there any other support for regional planning?**

Efforts are underway to support regional planning to maximize the impact of opioid settlement funds. For example, the [Dogwood Health Trust](#) has [announced](#) opioid-related collaborative planning grants for the counties, municipalities, or the Eastern Band of Cherokee Indians located in their 18-county service region in Western NC.

## PART 5: REPORTING OBLIGATIONS

### 54. What reporting obligations does a local government have under the MOA?

As detailed below, under the MOA, a local government must report the following to the Community Opioid Resources Engine for North Carolina ([CORE-NC](#)):

Item One – Spending authorization. Before spending any opioid settlement funds, a local government must report the budget item or resolution authorizing the expenditure within 90 days of the passage. [MOA §§ E.6.b & F.6.c]

Item Two – Option B report and recommendations. If a local government has undertaken the collaborative strategic planning process under Option B, the resulting report and recommendations to the local governing body must be reported within 90 days. [MOA §§ E.5.b.ii & F.6.c & Exhibit C]

Item Three – Annual financial report. A local government that receives, spends, or holds opioid settlement funds during a fiscal year must file an annual financial report within 90 days of the end of the fiscal year. [MOA § F.6 and Exhibit E.]

Item Four – Annual impact report. A local government that expends opioid settlement funds during a fiscal year must file an annual impact report within 90 days of the end of the fiscal year. [MOA § F.6.c & Exhibit F.]

In addition to these reporting requirements, certain audit reports concerning opioid settlement funds are discussed in questions 84 and 85 below. [MOA § F & Exhibit D]

Finally, if a national settlement agreement or bankruptcy resolution requires that a local government provide a report or other document beyond those described in the MOA – or if any local government communicates in writing with any national settlement or bankruptcy administrator regarding the local government’s compliance with any opioid settlement agreements or bankruptcy resolutions – a copy of any such report, document, or written communication must be emailed to NC DOJ at [opioidsettlement@ncdoj.gov](mailto:opioidsettlement@ncdoj.gov). [MOA § F.6.d]

### 55. How should local governments report the information described above?

Each local government should report items 1-4 above to the Community Opioid Resources Engine for North Carolina ([CORE-NC](#)). NC DOJ and CORE-NC will provide



timely instructions on how to submit each item. NC DOJ has designated CORE-NC as the “statewide opioid settlement dashboard” referred to in the MOA and the “online portal” for local governments to submit required reports. [MOA § F.6.c]

**56. What happens if a local government fails to comply with its reporting obligations under the MOA?**

The MOA states that:

- i. Every local government shall make a good faith effort to comply with all of its reporting obligations under the MOA.
- ii. A local government that engages in a good faith effort to comply with its reporting obligations under the MOA but fails in some way to report information in an accurate, timely, or complete manner shall be given an opportunity to remedy this failure within a reasonable time.
- iii. A local government that does not engage in a good faith effort to comply with its reporting obligations under the MOA, or that fails to remedy reporting issues within a reasonable time, may be subject to action for breach of contract.
- iv. However, a local government that is in substantial compliance with the reporting obligations in this MOA shall not be considered in breach of the MOA or in breach of contract.

[MOA § F.6.e]

**ITEM 1 – SPENDING AUTHORIZATION**

**57. When reporting that it has authorized the expenditure of opioid settlement funds, what information must a local government provide?**

Before spending opioid settlement funds, a local government must authorize the expenditure in its budget or pass a separate resolution authorizing the expenditure. The budget item or separate resolution must do all of the following:

- Indicate that it is an authorization for expenditure of opioid settlement funds.
- State the specific strategy or strategies the county or municipality intends to fund pursuant to Option A or Option B (using the item letter and/or number in Exhibit A or Exhibit B to identify each funded strategy).
- State the amount dedicated to each strategy for a stated period of time.

[MOA §§ E.6 & F.6.c]

**58. How will this information be reported?**

All this information must be reported to CORE-NC within 90 days of the date the local government passes the budget or resolution, using an online reporting process that CORE-NC will provide for this purpose. [MOA §§ E.6 & F.6.c]

## ITEM 2 – OPTION B REPORT AND RECOMMENDATIONS

### **59. If a local government has chosen to undertake the collaborative strategic planning process that is required under Option B, what does the MOA say about the contents of the final reporting and recommendations?**

As noted Part 3 above, the contents of the report and recommendation are detailed in the right-hand column of Exhibit C. [MOA §§ E.5.b & F.6.c & Exhibit C]

### **60. If a local government has chosen to undertake the collaborative strategic planning process that is required under Option B, how should the local government provide the resulting report and recommendations to CORE-NC?**

The local government should upload the report and recommendations to CORE-NC within 90 days of the date they are submitted to the local governing body for consideration, using an online reporting process that CORE-NC will provide for this purpose. [MOA §§ E.5.b & F.6.c & Exhibit C]

## ITEM 3 – ANNUAL FINANCIAL REPORT

### **61. What is the annual financial report?**

A local government that receives, spends, or holds opioid settlement funds during a fiscal year must file an annual financial report within 90 days of the end of the fiscal year. The contents of the annual financial report are detailed in Exhibit E to the MOA. [MOA § F.6 and Exhibit E.]

### **62. How will this information be reported?**

The local government will report this information to CORE-NC using an online reporting process that CORE-NC will provide for this purpose. [MOA §§ E.6 & F.6.c]

### **63. If a local government reports its annual financial report to CORE-NC, does it also have to email a copy of the report to NC DOJ?**

No. By providing the annual financial report to CORE-NC in a timely manner, a local government satisfies its obligation (stated Section F.6.b of the MOA) to email the annual financial report to NC DOJ. Once the report is provided to CORE-NC, the additional step of emailing the report to NC DOJ is unnecessary and not required.

### **64. Can you explain how the contents of the annual financial report vary depending on the proportion of settlement funds a local government receives?**

Yes. In keeping with Exhibit E, every local government receiving opioid settlement funds must provide certain basic information as part of its annual financial report.

In addition, every local government that receive two-tenths of one percent (0.2 percent) or more of the total local government allocation as listed in Exhibit G to the MOA is required to provide certain additional information. [MOA Exhibit E.]

**65. Which local governments are required to provide the basic information but not the additional information detailed in Exhibit E?**

The following local governments are required to provide the basic information but not the additional information detailed in Exhibit E (annual impact report) because they stand to receive less than two-tenths of one percent (0.2 percent) of the total local government allocation as listed in Exhibit G to the MOA:

- Counties: Alleghany, Anson, Bertie, Camden, Caswell, Chowan, Currituck, Gates, Graham, Greene, Hyde, Jones, Northampton, Pamlico, Perquimans, Tyrrell, Warren, Washington.
- Municipalities: Canton, Greenville, Henderson, Hickory, Jacksonville, Wilmington.

**66. Which local governments are required to provide the basic information and the additional information detailed in Exhibit E?**

Except for the local governments listed above that stand to receive less than two-tenths of one percent (0.2 percent) of the total local government allocation as listed in Exhibit G to the MOA, all local governments receiving opioid settlement funds are required to provide both the basic information and the additional information detailed in Exhibit E (annual impact report).

Note that Cary, Gastonia, and Raleigh have no reporting or other obligations under the MOA because – while entitled to receive opioid settlement funds under the MOA – they have opted to direct their respective funds to counties of which they are a part, as discussed in questions 21 and 22 above.

**67. What is the basic information that all local government receiving opioid settlement funds must provide in their annual financial reports?**

All local government receiving opioid settlement funds are required to report the following basic information in their annual financial reports:

- 1) The amount of Opioid Settlement Funds in the special revenue fund at the beginning of the fiscal year (July 1).
- 2) The amount of Opioid Settlement Funds received during the fiscal year.
- 3) The amount of Opioid Settlement Funds disbursed or applied during the fiscal year, broken down by funded strategy (with any permissible common costs prorated among strategies).

- 4) The amount of Opioid Settlement Funds used to cover audit costs as provided in Section F.3 of this MOA.
- 5) The amount of Opioid Settlement Funds in the special revenue fund at the end of the fiscal year (June 30).

**68. What is the additional information that most local governments receiving opioid settlement funds must provide in their annual impact reports?**

All Local Governments that receive two-tenths of one percent (0.2 percent) or more of the total local government allocation as listed in Exhibit G must provide the following additional information as part of their annual financial reports:

- 6) For all Opioid Settlement Funds disbursed or applied during the fiscal year as reported in item 3 above, a single breakdown of the total amount disbursed or applied for all funded strategies during the fiscal year into the following categories:
  - a. Human resource expenditures.
  - b. Subcontracts, grants, or other payments to sub-recipients involved in implementing the funded strategies listed item 4 above.
  - c. Operational expenditures.
  - d. Capital expenditures.
  - e. Other expenditures.
- 7) With respect to item 6.b above, the Local Government shall provide the following information for any sub-recipient that receives ten percent or more of the total amount that the Local Government disbursed or applied during the fiscal year:
  - a. The name of the sub-recipient.
  - b. The amount received by the sub-recipient during the fiscal year.
  - c. A very brief description of the goods, services, or other value provided by the sub-recipient (for example, “addiction treatment services” or “peer-support services” or “syringe service program” or “naloxone purchase”).

**69. If a local government receives opioid settlement funds in May 2022 but does not spend any of the funds until after July 1, 2022, does it have to file an annual financial report in the fall of 2022?**

Yes – but the report should be simple and straightforward.

To clarify: If a local government receives opioid settlement funds in May 2022 (during fiscal year 2021-2022) but does not spend any of the funds until after July 1, 2022 (during fiscal year 2022-2023 or thereafter), it will have to file an annual financial report within 90 days of the end of the 2021-2022 fiscal year (by September 28, 2022). However, the contents of that annual financial report should be simple and straightforward, and may look something like this:

ITEM	DESCRIPTION	AMOUNT
1	The amount of Opioid Settlement Funds in the special revenue fund at the beginning of the fiscal year (July 1, 2021).	\$0
2	The amount of Opioid Settlement Funds received during the fiscal year.	\$250,000
3	The amount of Opioid Settlement Funds disbursed or applied during the fiscal year, broken down by funded strategy (with any permissible common costs prorated among strategies).	\$0
4	The amount of Opioid Settlement Funds used to cover audit costs as provided in Section F.3 of this MOA.	\$0
5	The amount of Opioid Settlement Funds in the special revenue fund at the end of the fiscal year (June 30, 2022).	\$250,000

By contrast, if a local government not only receives but also spends opioid settlement funds during the 2021-2022 fiscal year (before July 1, 2022), the local government will have to file a more detailed annual financial report within 90 days of the end of the fiscal year (by September 28, 2022).

On top of that, as discussed below, the local government will have to file an annual impact report for the 2021-2022 fiscal year that it will not be required to file if it waits until July 1, 2022 or thereafter to authorize and spend opioid settlement funds.

For these and other reasons discussed in question 23 above, NC DOJ is advising local governments not to spend opioid settlement funds during the current fiscal year (before July 1, 2022).

#### ITEM 4 – ANNUAL IMPACT REPORT

##### **70. What is the annual impact report?**

A local government that spends opioid settlement funds during a fiscal year must file an annual impact report within 90 days of the end of the fiscal year. The contents of the annual impact report are detailed in Exhibit F to the MOA. [MOA § F.6.c and Exhibit F.]

##### **71. How will this information be reported?**

The local government will report this information to CORE-NC using an online reporting process that CORE-NC will provide for this purpose. [MOA § F.6.c and Exhibit F.]

**72. If a local government receives opioid settlement funds in May 2022 but does not spend any of the funds until after July 1, 2022, does it have to file an annual impact report in the fall of 2022?**

No. If a local government receives opioid settlement funds in May 2022 (during fiscal year 2021-2022) but does not spend any of the funds until after July 1, 2022 (during fiscal year 2022-2023 or thereafter), it does not have to file an annual impact report in the fall of 2022 for fiscal year 2021-2022.

However, the local government may be asked to notify CORE-NC of the fact that it did not spend any opioid settlement funds during fiscal year 2021-2022 and (for this reason) will not be filing an annual impact report for that fiscal year.

By contrast, if a local government not only receives but also spends opioid settlement funds in the 2021-2022 fiscal year (before July 1, 2022), the local government will have to file an annual impact report for the 2021-2022 fiscal year that it otherwise will not have to file. For these and other reasons discussed in questions 23 and 69 above, NC DOJ is advising local governments not to spend opioid settlement funds during the current fiscal year (before July 1, 2022).

**73. Do the contents of the annual impact report depend on the number of strategies that a local government chooses to fund during the fiscal year that is the subject of the report?**

Yes. As part of the annual impact report, a local government will be required to submit a separate report on each strategy that it funded during the relevant fiscal year. For this reason, NC DOJ recommends that local governments give some consideration to the overall number of strategies they choose to fund with opioid settlement funds (as discussed in question 45 above).

**74. Can you explain how the contents of the annual impact report vary depending on the proportion of settlement funds a local government receives?**

Yes. As detailed in Exhibit F, the annual impact report may be reported on a STANDARD FORM or a SHORT FORM. NC DOJ strongly encourages every local government to use the STANDARD FORM to report on every funded strategy. However, the MOA offers some leeway in this regard to local governments that are receiving smaller shares of the opioid settlement funds. Specifically, the MOA imposes differing obligations on each of these groups:

Group One: All Local Governments that receive less than 0.2 percent (two-tenths of one percent) of the total Local Government Allocation as shown on Exhibit G are encouraged to use the STANDARD FORM but may use the SHORT FORM for all funded strategies.

Group Two: All Local Governments that receive 0.2 percent (two-tenths of one percent) or more but less than 0.3 percent (three-tenths of one percent) of the total Local Government Allocation as shown on Exhibit G must use the STANDARD FORM for the

funded strategy that received the largest amount of settlement funds during the fiscal year and may use the SHORT FORM for all other funded strategies.

Group Three: All Local Governments that receive 0.3 percent (three-tenths of one percent) or more but less than 0.4 percent (four-tenths of one percent) of the total Local Government Allocation as shown on Exhibit G must use the STANDARD FORM for the two funded strategies that received the largest amount of settlement funds during the fiscal year and may use the SHORT FORM for all other funded strategies.

Group Four: All Local Governments that receive at least 0.4 percent (four-tenths of one percent) of the total Local Government Allocation as shown on Exhibit G must use the STANDARD FORM for all funded strategies.

Note that Cary, Gastonia, and Raleigh have no reporting or other obligations under the MOA because – while entitled to receive opioid settlement funds under the MOA – they have opted to direct their respective funds to counties of which they are a part. (This is discussed in questions 21 and 22 above.)

#### **75. Which local governments are in Group One?**

The following local governments are in Group One because they stand to receive less than two-tenths of one percent (0.2 percent) of the total local government allocation as listed in Exhibit G to the MOA:

- Counties: Alleghany, Anson, Bertie, Camden, Caswell, Chowan, Currituck, Gates, Graham, Greene, Hyde, Jones, Northampton, Pamlico, Perquimans, Tyrrell, Warren, Washington.
- Municipalities: Canton, Greenville, Henderson, Hickory, Jacksonville, Wilmington.

As explained in Exhibit F to the MOA, these local governments may use the SHORT FORM to report on all funded strategies.

#### **76. Which local governments are in Group Two?**

The following local governments are in Group Two because they stand to receive 0.2 percent (two-tenths of one percent) or more but less than 0.3 percent (three-tenths of one percent) of the total local government allocation as listed in Exhibit G to the MOA:

- Counties: Avery, Clay, Hertford, Madison, Martin, Montgomery, Polk, Swain.
- Municipalities: Asheville, Concord, High Point.

As noted in Exhibit F, these local governments must use the STANDARD FORM to report on the funded strategy that received the largest amount of settlement funds during the fiscal year in question and may use the SHORT FORM to report on all other funded strategies.

## **77. Which local governments are in Group Three?**

The following local governments are in Group Three because they stand to receive 0.3 percent (three-tenths of one percent) or more but less than 0.4 percent (four-tenths of one percent) of the total local government allocation as listed in Exhibit G to the MOA:

- Counties: Ashe, Duplin, Hoke, Mitchell, Pasquotank, Yancey.
- Municipalities: Durham, Fayetteville.

As explained in Exhibit F to the MOA, these local governments must use the STANDARD FORM to report on the two funded strategies that received the largest amount of settlement funds during the fiscal year and may use the SHORT FORM to report on all other funded strategies.

## **78. Which local governments are in Group Four?**

Group Four includes all local governments that are receiving opioid settlement funds and are not in Group One, Group Two, or Group Three.

As explained in Exhibit F to the MOA, these local governments must use the STANDARD FORM to report on all funded strategies.

## **79. What information is required on the STANDARD FORM?**

As provided in Exhibit F, the following information is required on the STANDARD FORM:

- 1) County or municipality and fiscal year covered by this report.
- 2) Name, title, and organization of person completing this report.
- 3) Name of funded strategy, letter and/or number of funded strategy on Exhibit A or Exhibit B to the MOA, and number and date of resolution(s) authorizing expenditure of settlement funds on funded strategy.
- 4) Brief progress report describing the funded strategy and progress made during the fiscal year. Recommended length: approximately one page (250 words).
- 5) Brief success story from a person who has benefitted from the strategy (de-identified unless the person has agreed in writing to be identified). Recommended length: approximately one page (250 words).
- 6) One or more process measures, addressing the question, "How much did you do?" Examples: number of persons enrolled, treated, or served; number of participants trained; units of naloxone or number of syringes distributed.
- 7) One or more quality measures, addressing the question, "How well did you do it?" Examples: percentage of clients referred to care or engaged in care; percentage of staff with certification, qualification, or lived experience; level of client or participant satisfaction shown in survey data.



- 8) One or more outcome measures, addressing the question, “Is anyone better off?” Examples: number or percentage of clients with stable housing or employment; self-reported measures of client recovery capital, such as overall well-being, healthy relationships, or ability to manage affairs; number or percentage of formerly incarcerated clients receiving community services or supports within X days of leaving jail or prison.
- 9) In connection with items 6, 7, and 8 above, demographic information on the participation or performance of people of color and other historically marginalized groups.

Footnotes that appear on the STANDARD FORM:

- The State will provide counties and municipalities with recommended measures and sources of data for common opioid remediation strategies such as those listed in Exhibit A.
- Counties or municipalities that have engaged in collaborative strategic planning are encouraged to use the measures for items 6 through 8 above identified through that process.

#### **80. What information is required on the SHORT FORM?**

As provided in Exhibit F, the following information is required on the SHORT FORM:

- 1) County or municipality and fiscal year covered by this report.
- 2) Name, title, and organization of person completing this report.
- 3) Name of funded strategy, letter and/or number of funded strategy on Exhibit A or Exhibit B to the MOA, and number and date of resolution(s) authorizing expenditure of settlement funds on strategy.
- 4) Brief progress report describing the funded strategy and progress made on the funded strategy during the fiscal year. Recommended length: approximately one-half to one page (125-250 words).

## PART 6: COMPLIANCE AND AUDIT ISSUES

### **81. If a question or issue arises concerning a local government's compliance with the MOA, who is the point of contact at the local level?**

The MOA states that the local government manager or administrator is the point of contact for questions that may arise under the MOA. [MOA § F.4]

### **82. Are local governments required to preserve records related to opioid settlement spending?**

Yes. The MOA provides that each local government that receives opioid settlement funds must maintain, for a period of at least five years, records of opioid settlement expenditures and documents underlying those expenditures, so that it can be verified that funds are used in a manner consistent with the national settlements and MOA. NC DOJ and the State Auditor shall have access to persons and records related to the MOA and expenditures of opioid settlement funds. [MOA §§ F.4 & F.5]

### **83. What happens if a local government spends opioid settlement funds in a manner that is inconsistent with the NC MOA?**

Local governments are entrusted with the responsibility of spending opioid settlement funds to in a manner consistent with the terms of the MOA. In the unlikely event that a local government spends opioid settlement funds in a manner that is not consistent with the terms of the MOA, the local government has 60 days after discovery of the expenditure to cure the inconsistent expenditure in one of several ways. In the unlikely event that the local government fails to cure the inconsistent expenditure, future opioid settlement payments may be reduced by the amount of the inconsistent expenditure. [See MOA Sections E.2 and E.3 for details.]

Compliance or non-compliance with reporting obligations under the MOA are addressed in question 56 above.

In addition to these MOA-specific considerations, note that spending or other action by a local government that is inconsistent with the terms of the distributor or J&J settlement agreement (or a future bankruptcy resolution) could result in additional sanctions by the courts that entered those settlements.

### **84. What are the audit-related provisions of the MOA?**

Section F of the MOA states:

- 1) Audits under Local Government Budget and Fiscal Control Act. Local Governments' Opioid Settlement Funds are subject to financial audit by an independent certified public accountant in a manner no less than what is required under G.S. 159-34. Each Local Government must file an annual

financial audit of the Opioid Settlement Funds with the Local Government Commission. If any such audit reveals an expenditure inconsistent with the terms of this MOA, the Local Government shall immediately report the finding to the Attorney General.

- 2) Audits under other acts and requirements. The expenditure of Opioid Settlement Funds is subject to the requirements of the Local Government Budget and Fiscal Control Act, Chapter 159 of the North Carolina General Statutes; Local Government Commission rules; the Federal Single Audit Act of 1984 (as if the Opioid Settlement Funds were federal funds); the State Single Audit Implementation Act; Generally Accepted Government Auditing Standards; and all other applicable laws, rules, and accounting standards. For expenditures for which no compliance audit is required under the Federal Single Audit Act of 1984, a compliance audit shall be required under a compliance supplement approved by the coordination group [described below in questions 88 and 89 below].
- 3) Audit costs. Reasonable audit costs that would not be required except for this Section F may be paid by the Local Government from Opioid Settlement Funds.

**85. What does the MOA say about the compliance supplement mentioned in the last sentence of Section F.2 of the MOA?**

Exhibit D to the MOA states:

As provided in Section F.2 of the MOA, where no compliance audit would be required under the Federal Single Audit Act of 1984 for expenditures of Opioid Settlement Funds, a compliance audit shall be required under a compliance supplement established by a vote of at least 8 members of the coordination group [described below in questions 88 and 89 below]. The compliance supplement shall address, at least, procedures for determining:

- i. Whether the Local Government followed the procedural requirements of the MOA in ordering the expenditures.
- ii. Whether the Local Government's expenditures matched one of the types of opioid-related expenditures listed in Exhibit A of the MOA (if the Local Government selected Option A) or Exhibit B of the MOA (if the Local Government selected Option B).
- iii. Whether the Local Government followed the reporting requirements in the MOA.
- iv. Whether the Local Government (or sub-recipient of any grant or loan, if applicable) utilized the awarded funds for their stated purpose, consistent with this MOA and other relevant standards.
- v. Which processes (such as sampling) shall be used (i) to keep the costs of the audit at reasonable levels; and (ii) to tailor audit requirements for differing levels of expenditures among different counties.

## PART 7: COLLABORATION AND COORDINATION

### **86. Does the MOA promote collaboration and coordination of efforts?**

Yes, the MOA promotes collaboration in general and establishes a coordination group to help implement the MOA. [MOA §§ F.7 & E.7 & Exhibit D]

### **87. How does the MOA promote collaboration in general?**

The MOA states that the state of North Carolina and local governments must collaborate to promote effective use of opioid settlement funds, including through the sharing of expertise, training, technical assistance. The MOA also states that the state and local governments should coordinate with trusted partners to collect and share information about successful strategies to address the opioid epidemic.

### **88. What is the composition of the coordination group?**

The coordination group will have twelve members, including:

- Five local government representatives (a county commissioner, county manager, county attorney, county local health director or consolidated human services director, and municipal manager).
- Four experts appointed by NC DHHS.
- One expert appointed by the North Carolina Attorney General.
- Two experts appointed by legislative leaders, including:
  - One representative from the University of North Carolina School of Government with relevant expertise appointed by the Speaker of the North Carolina House of Representatives.
  - One representative from the board or staff of the North Carolina Institute of Medicine with relevant expertise appointed by the President Pro Tempore of the North Carolina Senate.

### **89. What are the responsibilities of the coordination group?**

The coordination group will have a variety of responsibilities, including the following:

- To develop certain guidelines for audits required under the MOA (as discussed in questions 84 and 85 above).
- To make adjustments as needed to certain aspects of the NC MOA, including:
  - The high-impact strategies listed in Exhibit A.
  - The collaborative strategic planning process described in Exhibit C.
  - The annual financial report described in Exhibit E.
  - The impact information described in Exhibit F.

- To work with counties, municipalities, NCACC, NCLM, other associations, foundations, non-profits, and other government or nongovernment entities to provide support to local governments in their efforts to effectuate the goals and implement the terms of the MOA.

[MOA Exhibit D]

**90. Has there been any collaboration to promote effective use of opioid settlement funds?**

Yes. To date there has been a high level of collaboration among multiple state, local, foundation, university, and other partners, including the North Carolina Association of County Commissioners ([NCACC](#)), the North Carolina League of Municipalities ([NCLM](#)), the North Carolina Department of Justice ([NC DOJ](#)), the North Carolina Department of Health & Human Services ([NC DHHS](#)), the University of North Carolina Injury Prevention Research Center ([IPRC](#)), and the North Carolina Institute of Medicine ([NCIOM](#)).

Working together, these and many other partners have collaborated on numerous projects and initiatives to promote effective use of opioid settlement funds, including:

- The Community Opioid Resources Engine for North Carolina ([CORE-NC](#)), which offers extensive resources, tools, and dashboards to help local governments make the best possible use of opioid settlement funds.
- Opioid settlement planning grants awarded by the Dogwood Health Trust ([DHT](#)).
- A statewide opioid summit sponsored by NCACC.
- A best practices webinar series sponsored by NCACC, NC DHHS and NC DOJ.
- Site visits to spotlight model opioid programs across the state.
- Numerous presentations by NC DOJ, NCACC, and others to share information with local officials, community members, and other stakeholders.

Many additional projects and initiatives are in the works.

## APPENDIX: ACRONYMS AND SHORTHAND

*Below are some acronyms and shorthand phrases used in this FAQ. Please be aware that, as a binding legal document, the MOA uses more precise language than this FAQ. It would be a mistake to “export” the acronyms and shorthand below into the MOA.*

CORE-NC – Community Opioid Resources Engine for North Carolina – the resources and reporting hub for the North Carolina opioid settlements.

Distributors – the “big three” drug distributors – Cardinal, McKesson, and AmerisourceBergen.

Distributor settlement – the national settlement agreement with the “big three” drug distributors.

FAQ – Frequently Asked Questions.

J&J – Johnson and Johnson.

J&J settlement – the national settlement agreement with Johnson and Johnson and its subsidiary Janssen pharmaceuticals.

McKinsey Settlement – the national settlement with McKinsey & Company, resolving investigations into the company’s role in advising opioid companies.

MOA – Memorandum of Agreement on the allocation, use, and reporting of opioid settlement funds in North Carolina.

NCACC – North Carolina Association of County Commissioners.

NC DHHS – North Carolina Department of Health and Human Services.

NC DOJ – North Carolina Department of Justice.

NCGA – North Carolina General Assembly.

NCLM – North Carolina League of Municipalities.

Settlement agreements – the settlements with the “big three” drug distributors and Johnson & Johnson.

Settlement funds – funds from the settlements with the “big three” drug distributors and Johnson & Johnson.