

IV-E FOSTER CARE AND ADOPTION ASSISTANCE CLUSTER:

93.658 FOSTER CARE – TITLE IV-E

93.659 ADOPTION ASSISTANCE

State Project/Program: FOSTER CARE, ADOPTION, AND GUARDIANSHIP ASSISTANCE PROGRAMS

**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

Federal Authorization: Funding for CFDA#93.658, 93.659, AND 93.090 is: Social Security Act, as amended, Title IV-E, Section 470 et seq.; Adoption Assistance and Child Welfare Act of 1980, Sections 101 and 102, Public Law 96-272; Omnibus Budget Reconciliation Act of 1987, Public Law 100-203; Family Support Act of 1988, Public Law 100-485; Technical and Miscellaneous Revenue Act of 1988, Title VIII, Subtitle B, Section 8104, Public Law 100-647; 42 U.S.C. 670 et seq; Omnibus Budget Reconciliation Act of 1993, Public Law 103-66; Social Security Act Amendments of 1994, Public Law 103-432; and the Adoptions and Safe Families Act of 1997 (Public Law 105-89). See also 45 CFR 1355 – 1356; Child Support Performance and Incentive Act of 1998, Public Law 105-200. Fostering Connections to Success and Increasing Adoptions Act of 2008 (Public Law 110-351).

State Authorization: N.C.G.S. 143B-153, Social Services Commission; N.C.G.S. 180A-49 Foster Care and Adoption Assistance; N.C.G.S. SL 2005-276 Sec. 10.46; North Carolina Appropriations legislation from 2013 (Session Law 2013-360)

**N. C. Department of Health and Human Services
Division of Social Services**

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N. C. DHHS Confirmation Reports:

SFY 2019 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 2018-2019)”. 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 \(State Fiscal Years 2017-2019\)](#)”

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

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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.

This compliance supplement should be used in conjunction with the OMB 2019 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.

Adoption Assistance (93.659) is a split-eligibility program and the benefit payments are not to be reported on the Schedule of Expenditures of Federal and State Awards (refer to IV. Other Information below). The responsibility of the auditor of the State for auditing eligibility does not relieve the auditor of the other entity (e.g., County) from responsibility for meeting those internal control and compliance audit objectives for eligibility that apply to the other entity’s responsibilities. An exception occurs when the auditor of the other entity confirms with the auditor of the State that certain procedures are not necessary (OMB Compliance Supplement, Part 3, E. Eligibility, Split Eligibility Determination Functions).

Foster Care (93.658) benefits are paid by the County and is not a split-eligibility program.

I. PROGRAM OBJECTIVES

The objectives of the Foster Care Program, Adoption Assistance Program and Guardianship Assistance Program authorized by Title IV-E of the Social Security Act, as amended, are to: (1) Provide Federal Financial Participation (FFP) on behalf of eligible children who require foster care services and are in the custody of the State agency administering the program; (2) Provide FFP in the cost of proper and efficient administrative and training costs; (3) Provide FFP in the adoption subsidy costs for the adoption of children with special needs who meet certain eligibility tests; and (4) Provide FFP in the guardianship subsidy costs for the guardianship of children who meet certain eligibility requirements

Information about the rates for reimbursement in State Fiscal Year 2017-2018 is available at:
<https://www2.ncdhhs.gov/dss/dcdl/famsupchildwelfare/CWS-16-2017.pdf> and
<https://www2.ncdhhs.gov/dss/dcdl/famsupchildwelfare/CWS-16-2017a.pdf> .

II. PROGRAM PROCEDURES

The cognizant federal agency is the Administration for Children and Families, Department of Health and Human Services. These are uncapped federal entitlement funds awarded under Title IV-E and are therefore available to counties as they are expended. Assistance payments are reimbursed at the Federal Medical Assistance Percentage Rate (FMAP). Training costs are reimbursed at the rate of 75% federal funds. Administrative costs are reimbursed at the rate of 50% federal funds. The Division is required to prepare a State Plan which is then approved by the Secretary of Health and Human Services. The plan details how the Division will provide (1) foster care maintenance assistance to children meeting IV-E eligibility requirements and who are placed in licensed family foster homes or residential child-care facilities, (2) adoption assistance to special needs children meeting IV-E eligibility requirements, and (3) guardianship assistance to children who meeting IV-E and state eligibility requirements. County child welfare agencies are responsible for determining IV-E eligibility for children to receive reimbursement of foster care maintenance costs, as well as for conducting initial eligibility determinations and annual reassessments of adoption assistance and guardianship assistance in order for qualified adopting families and

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guardians to receive adoption assistance or guardianship assistance benefits and for county child welfare agencies to be reimbursed for eligible expenditures.

For foster care maintenance reimbursement, county Departments of Social Services (DSS) enter data into the Child Placement and Payment system (CPPS) for each child for whom a claim is made for foster care reimbursement. Counties receive monthly preliminary and final payment reports (PQA-020) for Title IV-E foster care funds indicating the amount of Federal reimbursement to be paid based on the age of the child. The PQA-020 lists the facility name and ID, the child's name, the child's Services Information System number, the county case manager's name, the foster care claim amount, the county share of the payment, and the State/federal share of the Standard Board Rate. County DSS agencies should review both preliminary reports to assure appropriate entry and reimbursement by the final report.

The Division of Social Services issues program and funding manuals to communicate federal and state requirements to counties which can be located at: <https://www2.ncdhhs.gov/info/olm/manuals/dss/> County DSS agencies report expenditures on the DSS-1571 Reimbursement Report to receive reimbursement from the State. Title IV-E reimbursements are directed to foster care and adoption services for children. IV-E funds are used for foster care board payments, adoption assistance, and guardianship assistance payments for eligible children. Title IV-E funds certain case management services in child protective services while the child is still in the home. IV-E also funds administrative and training activities. The Division is required to have a system for case reviews, regular court oversight, and other legal protections for the child and family in order to claim title IV-E foster care payments. Title IV-E funds cannot be used for maintenance or administrative costs for a child that is placed in a facility that is considered outside the scope of foster care such as a detention facility or psychiatric facility. Adoption Assistance payments begin for qualified special needs children after the final order of adoption. For Adoption Assistance reimbursement, County DSS enter data into the Child Placement and Payment System for each child for whom Adoption Assistance is planned. The State reimburses the counties for eligible expenditures, sends Adoption Assistance checks directly to eligible families, and provides policy and legal interpretation. Guardianship Assistance payments begin for qualified children after the final order of granting guardianship to the identified caretaker. For Guardianship Assistance reimbursement, county child welfare agencies enter data into the Child Placement and Payment System for each child for whom Guardianship Assistance is approved. The State reimburses the counties for eligible expenditures, sends Guardianship Assistance checks directly to eligible families, and provides policy and legal interpretation.

County Social Service Agencies are monitored in accordance with the NC Division of Social Services Local Social Service Agencies Monitoring Plan, found at: <https://www.ncdhhs.gov/divisions/social-services/county-staff-information/monitoring> .

Additional information on policies surrounding expenditures of Title IV-E funds can be found in the Child Welfare Funding Manual located at: <https://www2.ncdhhs.gov/info/olm/manuals/dss/csm-78/man/>

COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The compliance requirements in the Division of Social Services “Crosscutting Requirements” in Section D (Supplement #DSS-0) are applicable to this grant.

A. ACTIVITIES ALLOWED OR UNALLOWED

IV-E funds are used to help pay for: (1) Foster care maintenance payments (up to the Standard Board Rate) including the cost of providing food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. These costs are reported on the PQA-020. (2) Adoption assistance payments, and (3) Guardianship Assistance payments whose costs are reported on the PQA-044. (4) Training for foster care, adoption assistance and guardianship assistance; (5) Administration, including reimbursement of non-recurring adoption expenses and the costs of data collection systems and (6) Child Protective Services (CPS) In-Home Services to determine the appropriate intervention for children at risk of placement in foster care. The costs for (4) training, (5) administration and (6) worker activities for CPS In-Home Services are reported on the form DSS-1571.

For DSS Family Foster Homes, IV-E funds may be claimed for amounts in excess of the standard board rate if the county has a written policy that addresses such payments. Excess payments may include additional funding for clothes, personal allowances, transportation to school of origin and board rate. The counties must provide the matching share for federal funding, as no State participation is available above the standard board rate. Counties must treat all children equally, regardless of funding source. Therefore, if the county has excess board payments, clothing allowances, etc. for IV-E children, they must use all county funds to pay at the same rate for non-IV-E children. The county policy should address these issues. (See IV-E Maximization Compliance Audit Supplement #93.658-2CL for information on counties drawing down additional funding over the standard board rate for approved facilities.)

B. ALLOWABLE COSTS/COST PRINCIPLES

Title IV-E funds may be used for eligible children to cover the costs of administrative (case management, training and similar activities) and maintenance (direct care) expenses. For further information, related to eligible Title IV-E allowable costs see the North Carolina Child Welfare Funding Manual at: [N C Child Welfare Funding Manual](#) and the Federal Child Welfare Manual at: [Federal Child Welfare Manual](#)

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201

C. CASH MANAGEMENT

This requirement has not been passed to the subrecipients; therefore, additional testing is not required. County is paid on a reimbursement basis.

E. ELIGIBILITY

Individuals receiving aid must meet the eligibility requirements defined in the approved state plan and specified in the Child Welfare Manual, Chapter XIII, which can be viewed at: <http://info.dhhs.state.nc.us/olm/manuals/dss/csm-78/man/> on the specific section referenced above. Individual case records must contain documentation of the eligibility determination process.

F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Not Applicable.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

The Federal Medicaid Assistance Percentage (FMAP) for the year being audited determines the amount of reimbursement and match required. The FMAP changes each October 1st. A county must budget local funds in order to secure the required local matching share when federal/State financial participation is less than one hundred percent to the county department

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of social services. The FMAP can be obtained from the following web site: <http://aspe.hhs.gov/health/fmap.htm>. Assistance payments are reimbursed at the FMAP. Training costs are reimbursed at the rate of 75% federal funds. Administrative costs are reimbursed at the rate of 50% federal funds.

H. PERIOD OF PERFORMANCE

This requirement has not been passed to the subrecipients; therefore, additional testing is not required.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

Grantees should follow the Uniform Guidance procurement requirements found in Title 2 Part 2 of the Code of Federal Regulations, §200.318 to §200.326 ([2 CFR Part 200 Uniform Guidance](#)) unless the NC State procurement requirements described in the North Carolina General Statutes and the North Carolina Administrative Code are more restrictive. Please refer to the North Carolina Agency Purchasing Manual accessible at: [NC Agency Purchasing Manual](#).

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

The listing of most debarred parties may be viewed at the following web site: <https://sam.gov/SAM/> . .

L. REPORTING

This program is required to report financial data on OMB form SF-425 on a quarterly basis by the state. This requirement has not been passed to the subrecipients; therefore, additional testing is not required.

M. SUBRECIPIENT MONITORING

County Social Service Agencies are monitored in accordance with the NC Division of Social Services Local Social Service Agencies Monitoring Plan, found at: <https://www.ncdhhs.gov/divisions/social-services/county-staff-information/monitoring>

IV. OTHER INFORMATION

The Office of State Auditors has determined that the direct benefit payments (i.e. payments for programs in which the County Department of Social Services (DSS) determines eligibility and the benefits are paid directly by the state to the participant) should only be reflected on the State's Schedule of Expenditures of Federal Awards (SEFA). Therefore, these direct benefit payments will NOT be shown on the County's Schedule of Expenditures of Federal and State Awards (SEFSA). Programs with direct benefit payments that are affected include: Medical Assistance (93.778), Children's Health Insurance Program (93.767), Temporary Assistance to Needy Families, Work First (93.558), Women, Infants, and Children (10.557), Adoption Assistance (93.659), Subsidized Child Care, and State/County Special Assistance for Adults.