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**FOSTER CARE – AT RISK FUNDS**


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**State Project / Program:** COMPREHENSIVE TREATMENT SERVICES PROGRAM

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**State Authorization:** NCGS 143B-153, Social Services Commission; NCGS 108-A, Article 2, Part 4, Foster Care and Adoption Assistance Payments. Session Law 2005-276(S622).

**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)”.

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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.

**I. PROGRAM OBJECTIVES**

The objectives of the Comprehensive Treatment Services program authorized by NCGS Session Law 2005-276, are twofold. These objectives include: (1) To provide State supplement on behalf of eligible children who require foster care services and are in the custody of the State agency administering the program; and (2) to provide the room and board portions of payment in a residential treatment facility.

**II. PROGRAM PROCEDURES**

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. All reimbursements are processed from State funding; no federal funding is included in payments.

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Counties receive monthly preliminary and final payment reports (PQA-020, PQA-220 & PQA-022-3) for foster care funds indicating the amount of At Risk reimbursement to be paid based on the age of the child. The PQA-020 and PQA-220 indicates reimbursement for the standard board rate and lists the facility name and ID, the child's name, the child's Services Information System number, the client's age, the number of compliance days for the placement, the foster care resources and claim amount, and the State/Federal share of the Standard Board Rate. The PQA-022-3 provides information on maximization (above the standard board rate) and lists the number of days, the fund code, child's Services Information System number, child's name, facility identification number, total amount of the claim, the distribution shares for maximization, and the amount to be reimbursed to the county from At Risk funds. For counties transitioning to the NCFAST system reimbursements are included on the PQA020-2 and PQA020-4 reports. These reports consolidate the previous PQA020 & PQA220 reports. Maximization is included, but also summarized on the PQA022 report. All reports are on the same system, just kept in separate folders (CPPS Reports versus NCFAST Reports).

County DSS agencies should review all reports to assure appropriate entry and reimbursement.

### **III. COMPLIANCE REQUIREMENTS**

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

#### **1. ACTIVITIES ALLOWED OR UNALLOWED**

At-Risk funds are used to help pay for: (1) Foster care maintenance payments (up to the Standard Board Rate) for all eligibility categories of children in level IV facilities. Foster care allowable costs include the cost of providing food, clothing, shelter, daily supervision and personal incidentals. These costs are reported on the PQA-220. (2) Allowed Foster Care maximization payments above the standard board rate for State Foster Home Fund eligible children in Level III mental health treatment facilities. (3) Allowed Foster Care maximization payments above the standard board rate for all categories of children authorized and receiving treatment services while placed in Level IV mental health treatment facilities.

DHHS policy directs that DSS have the financial responsibility to support the established daily room and board cost of eligible children. The At-Risk reimbursement percentage was established to mirror the IV-E and State percentages up to the Standard Board Rate costs. For the amount over the Standard Board Rate, the At-Risk reimbursement percentage was established to mirror the FFP (Federal Financial Participation) percentage. The remaining costs must be matched by the counties.

Any ongoing updates would be posted annually in the Dear County Director. Information for the current allowable rates is available at:

<https://www2.ncdhhs.gov/dss/dcdl/famsupchildwelfare/CWS-31-2018.pdf>

<https://www2.ncdhhs.gov/dss/dcdl/famsupchildwelfare/CWS-31-2018a.pdf>

**Suggested Audit Procedure:** Verification of appropriate payments for placement and data entry for clients receiving services under the listed programs. Correct entry into the Child Placement and Payment System will allow for proper distribution of funding. Assure special entry process is followed and incorrect coding is not used for placements that do not meet

the guidelines for Level III and Level IV Residential Treatment care. The special coding should only be used for specified group care facilities and not family foster care placements.

**2. 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.

**Audit Objective:** To ensure costs recorded do not exceed the appropriate amounts for the services provided, in accordance with applicable policies.

**Suggested Audit Procedures:** Review Level III Residential Treatment placements for State Foster Home Fund clients on the PQA020 report and Level IV Residential Treatment placements on the PQA220 report to verify amounts are recorded consistent with the quantity of services provided.

**5. ELIGIBILITY**

Individual eligibility to receive financial assistance for foster care is determined by the county department of social services, based on Federal and State laws. Refer to the Family Support and Child Welfare, Chapter XIII: Child Welfare Funding Manual. Only children in the custody or placement responsibility of a county department of social services are eligible to receive foster care assistance. The manual section can be viewed at: [https://www2.ncdhhs.gov/info/olm/manuals/dss/csm-15/man/CPPS\\_Manual.pdf](https://www2.ncdhhs.gov/info/olm/manuals/dss/csm-15/man/CPPS_Manual.pdf)

**Audit Objective:** To assure that At-Risk funds are used only for allowable expenses for eligible children.

**Suggested Audit Procedure:** Review case documentation to assure client funding is coded correctly into the CPPS system, on the DSS-5094 form, and final reports are representative of the actual payment amounts processed by the county DSS agency.

Funding will be processed based on the placement data entered into the system, along with the funding source represented. SFHF clients will access maximization for At Risk funds for Level III Residential Treatment; however, IV-E clients will access available federal funding for these placements. All clients receiving care in a Level IV Residential Treatment facility will receive At-Risk funding as reported on the PQA220 for CPPS counties and on the PQA020-4 for NCFASST counties. For CPPS maximization is reported on the PQA022-3.

**7. MATCHING, LEVEL OF EFFORT, EARMARKING**

The At-Risk percentage is based on the standard board rate, a combination of the FFP (Federal Financial Participation) percentage and one half (1/2) of the balance paid by the State. The amount over the standard board rate is the FFP paid by the State. The FFP for the year being audited determines the amount of reimbursement and match required. The FFP changes each October 1. A county must budget local funds in order to secure the required local matching share as the At Risk financial participation is less than one hundred percent to the county department of social services. The FFP can be obtained from the following web site: <http://aspe.hhs.gov/health/fmap.htm>.

**Audit Objective:** To ensure that counties match all funds as required.

**Suggested Audit Procedures:** Review county finance records located at the county DSS or the county finance office in order to verify that the county has provided the appropriate match for funds received with this program at the appropriate rate.

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Review facility license to assure services provided are treatment care as licensed by Division of Health Service Regulation.

### **12. REPORTING**

See Cross-cutting requirements for the reporting requirements of these funds. Maintenance payments for the Standard Board Rate for all eligibility categories of children are reported on the PQA-220. Payments above the Standard Board Rate for eligible children are reported on the PQA-022-3. For NCFAST counties, payments are represented on the PQA020-4 report.

#### **Audit Objective**

To assure that counties accurately report their expenditures on the form DSS-5094.

#### **Suggested Audit Procedure**

Review a representative sample of cases on the PQA-220 along with SFHF fund clients in Level III homes reported on the PQA020. For NCFAST counties, review payments on the PQA020-4 report. Compare to the county payment vouchers for services to assure that correct amount of reimbursement was requested.