

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2021 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

Special Children Adoption Fund (SCAF), also referred to as the Adoption Promotion Program Fund, promotes public-private partnerships and enhances and expands adoption services to find permanent homes for hard-to-place children who are living in (or likely to be placed in) foster homes or institutions. The fund is intended to secure adoptive homes for more children than would otherwise be possible within the limitations of existing financial resources

II. PROGRAM PROCEDURES

This program is supported with funds appropriated by the NC General Assembly as a component of the Temporary Assistance for Needy Families (TANF) Block Grant, Title IV-BII and federal Adoption Incentive funds. All of these funding sources are 100% federal funds. State appropriations are also utilized to support this program.

Participants in this program include county Departments of Social Services (DSS) and any licensed, private adoption agency that has entered into a contract with the State Division of Social Services to provide adoption services to special needs children. These funds are performance-based in that payments can only be made after a Decree of Adoption has been issued. Payments can only be made on behalf of children who have been determined eligible for adoption assistance benefits.

Guidelines for use of Special Children Adoption Fund/Adoption Promotion Program Fund, are found in the Adoption Promotion Program Criteria and Guidelines that can be found at <https://files.nc.gov/ncdhhs/documents/files/dss/training/Adoption-Promotion-Program-Criteria-and-Guidelines.pdf>

The State utilizes the DHHS Office of Procurement, Contracts and Grants (OPCG) policies and procedures to award contracts to subrecipients. These subrecipients are reimbursed through submission of a monthly invoice form to the NC DHHS Controller’s Office. All federal and state requirements are communicated to subrecipients as part of the contracting process.

These funds may be used for direct provision or purchase by contract for adoption services, adoption recruitment, adoption assistance case management, child specific recruitment, assessment, training of adoptive parents, and post adoption case management. Conversely these funds cannot be used to purchase automobiles or to supplant the salaries of county workers.

The State is required to monitor, evaluate and report on all programs funded by this grant. Funds awarded to County Social Service Agencies are monitored in accordance with regulations adopted by the NC DSS, which can be found at: [NC Local County Social Service Agencies Monitoring Plan](#)

Funds awarded to licensed private adoption agencies that have entered into a contract with the State Division of Social Services are monitored in accordance with the regulations adopted by the NCDSS which can be found at: <https://www2.ncdhhs.gov/dss/Monitoring/index.htm>

III. COMPLIANCE REQUIREMENTS

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

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined to be direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

CC	A	B	C	E	F	G	H	I	J	L	M	N
Cross cutting	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	N	Y	N	Y	N	Y	N	Y	Y	Y

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

Allowable activities include:

- Recruiting and training of prospective adoptive families for individual foster children or for foster care children as a group;
- Pre-placement assessments of prospective adoptive families, including assessments by private adoption agencies in other states;
- Preparing children for adoption (preparation support groups, life books, etc.);
- Legal or court-related services to expedite the adoption process;
- Post placement services for adoptive families provided by an agency between the time that a child is placed in the home of his or her prospective adoptive parents and the time that the child's adoption is finalized in court. In accordance with State rules for allowable costs, the Special Children Adoption Fund aka Adoption Promotion Program Fund may be used for post-adoption services for families whose incomes exceed 200% Federal Poverty Level.
- Adoption services staff contracted to expedite the adoption process for foster children and assure a timely response to all families who indicate an interest in adopting a child in foster care; and
- Cost-allocated share of equipment that will directly benefit the adoption program.

Unallowable activities include:

- Services to foster children for whom the permanent plan is not adoption;
All expenditures must be connected with the goal of permanency through adoption for children

B. Allowable Costs/Cost Principles

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

C. Cash Management

Subrecipients receive funding under this program on a reimbursement rather than an advance basis. Therefore, no audit testing is necessary with respect to the federal cash management requirements of 2 CFR, Part 200

E. Eligibility

The Special Children Adoption Fund/Adoption Promotion Program Fund is used to enhance the adoption services in a county or private agency and applicable eligibility requirements must be met.

To qualify for payments from Special Children Adoption Fund Program/Adoption Promotion Program Fund baseline requirements for local child welfare agencies must be met. The Federal Baseline Methodology is used to establish county baselines for SFY 2018-2019. The federal baseline is determined by considering the number of adoptions that occurred over the past three years and the number of children in foster care. The rate is established by dividing the number of adoptions completed in one year by the number of children in foster care the preceding year. The lesser of the base rate for the previous year or the average rate for the previous three fiscal years is then multiplied by the number of foster children in foster care the previous fiscal year. This result gives a county its baseline for the current fiscal year. Data for the baseline

calculations comes from the Child Placement and Payment System (CPPS) database and NC FAST. DSS-5094's closed due to adoptions realized within the fiscal year are counted towards the baseline.

YEAR-END DISTRIBUTION: County child welfare agencies will receive a one-time, year-end funding allocation. County agencies will receive a proportional share of the total statewide funding available to all counties based upon the sum of two factors:

1. The total number of adoptions completed, regardless of age, that **exceed** federal adoption baseline targets for each county.
2. The total number of adoptions completed for children 13 years and older or sibling groups of 3 or more placed together for adoption, **that fall under the federal baseline.**

There is no baseline for private child placing agencies. Private child placing agencies are only eligible to receive reimbursement from the Special Children Adoption Fund/Adoption Promotion Program Fund to make up the difference between the fees collected from the adoptive family and the reimbursement rate for the placement.

The payment levels for disbursement of the Special Children Adoption Fund/Adoption Promotion Program Fund to private child placing agencies for eligible service areas and corresponding payment amounts for each eligible service are identified below:

Service Area	Children 0-12	Teens and Sibling Groups of 3+
Adoptive Family Readiness	\$4,000	\$7,000
Post-Placement Support (Family)	\$1,250	\$2,000
Post-Placement Support (Child)	\$1,250	\$2,000
Completion of Legal Procedures	\$1,500	\$2,500
Total	\$8,000	\$13,500

G. Matching, Level of Effort, Earmarking

Not applicable at the local level.

H. Period of Performance

Reimbursement should be within the terms of the contract.

I. Procurement and Suspension and Debarment

Per the OMB Uniform Guidance, State's policies or laws should be used for procurement, these are found in North Carolina General Statutes Chapter 143 Article 8 or at the following internet address:
<http://www.ncleg.net/gascripts/statutes/Statutes.asp>.

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are

required to conform with federal agency codifications of the grants management common rule accessible on the Internet at <http://www.whitehouse.gov/omb/>.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual:

http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf

Suspension and Debarment

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

L. Reporting

This program is required to annually report financial data for TANF on the OMB form ACF-196. Title IV-B II and Adoption Incentive fund are reported on SF-425. This requirement has not been passed to the subrecipients; therefore, additional testing is not required.

M. Subrecipient Monitoring

The NC Division of Social Services is responsible for conducting onsite visits to private child placing agencies receiving reimbursement from Special Children Adoption Fund/Adoption Promotion Program Fund annually.

The State is required to monitor, evaluate and report on all programs funded by this grant in accordance with regulation adopted by the NC DSS, which can be found at <https://www.ncdhhs.gov/divisions/social-services/county-staff-information/monitoring>.

N. Special Tests and Provisions

There are no Special Test and Provision at the local level.