

93.667**SOCIAL SERVICES BLOCK GRANT****State Project/Program: SPECIAL CHILDREN ADOPTION INCENTIVE FUND****U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES****ADMINISTRATION FOR CHILDREN AND FAMILIES**

Federal Authorization: Social Security Act, Title XX, as amended; Omnibus Budget Reconciliation Act of 1981, as amended, Public Law 97-35; Jobs Training Bill, Public Law 98-8; Public Law 98-473; Medicaid and Medicare Patient and Program Act of 1987; Omnibus Budget Reconciliation Act of 1987, Public Law 100-203; Family Support Act of 1988, Public Law 100-485; Omnibus Budget Reconciliation Act of 1993, Public Law 103-66; 42 U.S.C. 1397 et seq.

Social Security Act, Sections 420-425 and 427-428, as amended; Adoption Assistance and Child Welfare Act of 1980, Title I, Section 103, Public Law 96-272; Omnibus Budget Reconciliation Act of 1987, Public Law 100-203; 42 U.S.C. 620-625 and 627-628; Omnibus Budget Reconciliation Act of 1993, Public Law 103-66; Social Security Act Amendments of 1994, Public Law 103-432; Adoption and Safe Families Act of 1997, Public Law 105-89.

State Authorization: N/A
N. C. Department of Health and Human Services
Division of Social Service

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SFY 2022 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 2021-2022)”. 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 \(State Fiscal Years 2020-2022\)](#)”.

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.

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This compliance supplement must be used in conjunction with the OMB 2022 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

To find permanent homes for children with special needs who would otherwise remain in the foster care system because of a prospective adoptive family's lack of financial resources to meet the child's special needs.

II. PROGRAM PROCEDURES

Special Children Adoption Incentive payments to families are determined on an individual basis. These supplemental payments are made in separate payments to the adoptive parent(s). Monthly requests from counties are not required for the continuation of these payments to the adoptive parents. After approval is given by the Division for a child to receive payments from the Special Children Incentive Fund and the Decree of Adoption has been entered, the Division will submit the payment requests to the Controller's Office. Monthly payments will continue until the county advises the Division to terminate the payments or upon child's eighteenth birthday. The entire amount of the supplement is paid to the adoptive parents by the State and the State charges the County for its share of the cost.

Participating counties must agree to assume responsibility for 50% of the additional monthly assistance (i.e., in excess of the standard adoption assistance rates) that is paid to the families to eliminate financial disincentive. Foster parents in the participating counties must sign a supplemental adoption assistance agreement.

This fund is based on the principle of "first come, first served". The number of children served will depend on the financial limitation of the fund. The Division prepares the annual CFS-101 report to estimate need; however, states are awarded funds based on availability.

Eligibility for program participation is determined by the Program Coordinator. Funds may be used for expense related to the child's special needs.

Eligibility for participation in the program is monitored by the Program Coordinator.

Audits are conducted in accordance with the requirements in 2 CFR, Part 200.

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 2022 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."

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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 2022 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	Y	Y	N	Y	Y	Y	N	Y	Y	N

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

Individuals receiving aid must meet the eligibility requirements defined in the approved state plan and specified in the Child Welfare Funding Manual, Section 1600. A copy of this reference material should be available at the agency, or at the following web site: <http://info.dhhs.state.nc.us/olm/manuals/dss/csm-78/man/>

There are no income eligibility requirements. In general, these children must have been determined to be eligible to receive a higher board rate as a foster child due to their special needs. The agency must demonstrate that a reasonable, but unsuccessful effort was made to place the child with suitable adoptive parents without providing adoption or medical assistance, unless such efforts would not be in the best interest of the child. Documentation on the eligibility determination process and results should be available on a per-case basis within the agency.

Compliance Requirement – Documentation sufficient to establish eligibility can be in the form of statements of diagnosis and/or prognosis from physicians, psychiatrists, speech and other therapists, etc. Documentation about high risk potential should be supported by information about the child's and birth parents' background. This documentation shall be included in the record. Adoptive parents have the responsibility to keep the agency informed of circumstances which would make them ineligible for payments. Agencies must send a yearly notice to adoptive parents to remind them of the

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responsibility to notify the agency of any changes that could affect benefits, as well as school attendance requirements.

The agency should not require adoptive families to provide written verification of ongoing eligibility, and benefits cannot be terminated even though school attendance requirements are not being met.

Audit Objectives

Determine the required eligibility criteria has been met.

Suggested Audit Procedures

Review the case file to verify the agency utilized the Adoption Assistance Eligibility Checklist and has the sufficient documentation to establish eligibility. Documentation can be in the form of statements of diagnosis and/or prognosis from physicians, psychiatrists, speech and other therapists. Documentation about high risk potential should be supported by information about the child's and birth parents' background.

B. Allowable Costs/Cost Principles

Children receiving benefits must meet the eligibility requirements defined in the approved state plan and specified in Family Services Manual, Volume I, Chapter XIII, Section 1600. A copy of this reference material should be available at the agency, or at the following web site: <http://info.dhhs.state.nc.us/olm/manuals/dss/csm-78/man/>. There are no income eligibility requirements. In general, these children must have been determined to be eligible to receive a monthly supplemental cash payment above standard adoption assistance rates. The agency must demonstrate that a reasonable, but unsuccessful effort was made to place the child with suitable adoptive parents without providing adoption or medical assistance, unless such efforts would not be in the best interest of the child. Documentation on the eligibility determination process and results should be available on a per-case basis within the agency.

Funds may be used for expenses related to the care, maintenance and wellbeing of the adoptive child.

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

County departments of social services are reimbursed after expenditure; therefore, cash management does not apply at the local level.

E. Eligibility

Individuals receiving aid must meet the eligibility requirements defined in the approved state plan and specified in the Child Welfare Manual, appendix 3.5, 3.6, and 3.7, which can be viewed at: <https://policies.ncdhhs.gov/divisional/social-services/child-welfare/policy-manuals> on the specific section referenced above. Individual case records must contain documentation of the eligibility determination process.

G. Matching, Level of Effort, Earmarking

Matching: 50% County match as described below

Level of Effort: Not applicable

Earmarking: Not applicable

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This program is funded at the rate of 50% State funds and 50% county funds. A county must budget local funds in order to secure the required local matching share when federal/State participation is less than one hundred percent to the county department of social services.

H. Period of Performance

Federal funds are available for expenditure by counties during the State fiscal year (July 1 to June 30) for which they are disbursed to counties.

I. Procurement and Suspension and Debarment

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform with federal agency codifications of the grants management common rule accessible on the Internet at: <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 accessible on the internet at:

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

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

The list of debarred parties may be viewed at the following internet web site: [System For Award Management \(SAM\)](#). The procurement requirement has not been passed to the local level; therefore, no testing is required by the local auditor.

L. Reporting

This requirement has not been passed to 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: [DSS Monitoring Manual](#). There are no requirements for local auditors to review.