

STATE FOSTER CARE AND GUARDIANSHIP ASSISTANCE BENEFITS PROGRAM

State Authorization: North Carolina General Statute (N.C.G.S.) 108A-48

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

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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.

I. PROGRAM OBJECTIVES

The objective of the State Foster Care Benefits program is to provide assistance to eligible children who are placed in foster care facilities by county departments of social services. The objective of the Guardianship Assistance Program is to provide permanence to youth who meet certain eligibility requirements when reunification and adoption have been ruled out as appropriate permanent plans.

II. PROGRAM PROCEDURES

The North Carolina General Assembly appropriates funds to the Department of Health and Human Services (DHHS) for the State Foster Care Benefits Program. These funds are made available to reimburse county Departments of Social Services for 50% of the costs they incur in providing foster care assistance payments for eligible children. Eligibility for this program is established when the child is in agency custody, in a qualified foster care living arrangement, is ineligible for IV-E or when TANF Emergency Assistance (TEA) foster care funding is not appropriate. Beginning

STATE FOSTER CARE AND GUARDIANSHIP ASSISTANCE BENEFITS PROGRAM

December 1, 2008, the State reimbursement is based on 50% of the Standard Board Rate (SBR) and 50% of the Cost Modeled (facility) Rate (CMR), for children placed with eligible agencies. Dear County Director Letters provide information and the attachment provides a listing of eligible agencies. The county departments of social services receive reimbursement on a monthly basis based on data entered into the Child Placement and Payment System (CPPS).

Program policies, eligibility, reporting and reimbursement requirements can be found in the Child Welfare Funding and the Child Placement and Payment System manuals available at:

<https://policies.ncdhhs.gov/divisional/social-services/child-welfare/policy-manuals/modified-manual-1>

The North Carolina General Assembly also appropriates funds to the Department of Health and Human Services (DHHS) for the State Guardianship Assistance Program. These funds are made available to reimburse county Departments of Social Services for 50% of the costs they incur in providing foster care assistance payments for eligible children.

Monitoring is performed according to the NC Local Social Service Agencies Monitoring Plan. Information is available at: [NC Local County Social Service Agencies Monitoring Plan](#)

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 State agency noted by "Y."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

CC	1	2	3	4	5	6	7	8	9	10	12	13	14
Cross-cutting requirements	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Conflict of Interest	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	N	N	N	Y	N	Y	N	N	N	Y	N	N

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

STATE FOSTER CARE AND GUARDIANSHIP ASSISTANCE BENEFITS PROGRAM

1. Activities Allowed or Unallowed

Please refer to the Division of Social Services Family Support and Child Welfare, Child Welfare Funding Manual. The agency should have a copy of this material, or it may be viewed at the following website:

<https://policies.ncdhhs.gov/divisional/social-services/child-welfare/policy-manuals>

Compliance Requirement

Program funds are to be used to pay for Foster Care Assistance and Guardianship Assistance, which include:

Foster care board payment which is the amount paid to licensed foster care facilities for food, clothing and shelter for foster children placed in the facility. No benefits may be provided to any individual who has passed his eighteenth birthday unless s/he is less than 21 years of age and has entered into a Voluntary Placement Agreement (DSS-5097) and meets one of the five requirements for eligibility to include the following: is completing high school or a program leading to an equivalent credential; is enrolled in an institution that provides postsecondary or vocational education; is participating in a program or activity designed to promote or remove barriers to employment; is employed for a least 80 hours per month; or, is incapable of completing the educational or employment requirements due to a medical condition or a disability. The form must be signed by the young adult and the Agency Director or Designee. Young adults may also continue to receive benefits if they entered into a Contractual Agreement for Residential Services (CARS), DSS-5108 form, prior to January 1, 2017 and has remained in care since the time the CARs agreement was signed. The young adult in care on a CARs agreement must be a full-time student for the next school term pursuing a high school diploma or its equivalent; and course of study at the college level; or a course of vocational or technical training designed to fit him/her for gainful employment. . The form must be approved by the Agency Director or Designee and information should be available in the individual's case record. There is no State participation for excess payments (personal allowances, clothing, etc.) above the established rates. Each county that pays above the State established rates must have a written policy that assures that children are treated the same, regardless of funding source.

- Guardianship Assistance benefits – is the amount paid to legal guardians of youth who have exited the foster care system and met the eligibility requirements at the time they exited care. No benefits may be provided to any individual who has passed his eighteenth birthday unless s/he is less than 21 years of age and entered into the legal guardianship arrangement after his/her 16th birthday and the young adult continues to meet one of the five requirements for extended foster care eligibility as noted above.

Audit Objective

To ensure that State Foster Care Benefit funds and State Guardianship Assistance Funds are used only for allowable expenses for eligible children.

Suggested Audit Procedure

Review case documentation to determine if the child was found not to be eligible for IV-E. A child or young adult receiving State Foster Care Benefit funds must not

STATE FOSTER CARE AND GUARDIANSHIP ASSISTANCE BENEFITS PROGRAM

be TEA foster care funds. Review budget expenditures to determine if State Foster Care Benefit funds were only used for allowable expenses, including, room board and supervision, personal incidentals, and clothing allowances. State Guardianship Assistance Funds are provided at the standard room and board rate and may also be used for non-recurring costs to assist prospective guardians in securing legal guardianship. The current standards for reimbursement are the following amounts:

Standard room and board rates are as follows: children 0-5 \$475; for children 6-12, the standard board rate is \$581; for children 13+, the rate is \$634. Fifty percent of these rates are funded with State Foster Care Benefit funds. The standard Cost Modeled Rates are specified in an annual Dear County Director letter. Non-recurring expenses for State Guardianship Assistance Funds are available in an amount up to \$2,000.00 for expenses incurred by the prospective guardian in obtaining legal guardianship of the child.

5. Eligibility

Compliance Requirement

Prior to the utilization of these funds for foster care maintenance payments, a county agency must complete the foster care eligibility determination form (DSS-5120) for each child in foster care placement. This form documents the eligibility or ineligibility of each child to receive federal IV-E, TEA, or State Foster Care Benefit funds. Subsequent eligibility periods should be documented on the DSS-5120(a) forms to assure ongoing court documentation.

Individuals receiving assistance must meet the eligibility requirements identified in the Family Support and Child Welfare, Chapter XIII Child Welfare Funding Manual. State Foster Care Benefit funds are only available if: (1) children are ineligible for IV-E funding, (2) TEA funds are deemed inappropriate by the county. In some cases, the county makes a special determination based on resources available for the client.

Audit Objective

Determine whether agency has appropriately determined the eligibility of a particular child to receive benefits from the State Foster Care Benefit funds and appropriate/timely payments are disbursed by the county agency before requesting reimbursement. Verification of eligibility of a particular youth to receive benefits from the State Guardianship Assistance Benefit funds is required. Payments are disbursed by the state based on information reported by the county.

Suggested Audit Procedure

Examine documentation in individual case record to ascertain if the agency appropriately determined the child's eligibility to receive State Foster Care or Guardianship Assistance Benefit funds.

7. Matching, Level of Effort, Earmarking

Matching Compliance Requirement

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 Departments of Social Services. The State reimbursement for each child is limited to fifty percent of the State established rate established for the foster care or guardianship assistance payment.

Audit Objective

To ensure that counties match all funds as required prior to deadline requirements.

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 matched State funds received for this program at the appropriate rate.

Level of Effort and Earmarking does not apply at the local level.

12. Reporting

Compliance Requirement

Please refer to the Division of Social Services Family Support and Child Welfare, Chapter XIII Child Welfare Funding Manual. A copy of this manual is located at the agency, or can be viewed at the following website:

<https://www2.ncdhhs.gov/info/olm/manuals/dss/csm-78/man/>

Reimbursement for Foster Care Services is requested by the local DSS through the online Child Placement and Payment System (CPPS). The DSS-5094 form is the source document used to key into CPPS. The PQA series of reports are the output produced by the State from CPPS. Settlement reports are available for the local agency to publish directly from the state's online reports portal. In addition, settlement reports are mailed with documentation of the reimbursement.

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.

Audit Objective

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

Suggested Audit Procedure

The suggested audit procedure for State Foster Care Benefits funds is to review a representative sample of cases on the PQA-020 report and compare to the county payment vouchers for services to assure that correct amount of reimbursement was requested.

The suggested audit procedure for State Guardianship Assistance Benefits funds is to review a representative sample of cases to assure that the correct amount of payment was identified on the DSS-5095 and the youth was not determined to be IV-E eligible for benefits.