

APRIL 2023

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**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES  
MARYLEE ALLEN PROMOTING SAFE AND STABLE FAMILIES  
PROGRAM  
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM  
ADOPTION AND LEGAL GUARDIANSHIP INCENTIVE PAYMENTS**

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<b>State Project/Program:</b>	<b>SPECIAL CHILDREN ADOPTION FUND (A/K/A ADOPTION PROMOTION PROGRAM FUND)</b>
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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ADMINISTRATION FOR CHILDREN AND FAMILIES**

**Federal Authorization:** Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193; Balanced Budget Act of 1997, Public Law 105-33. Reauthorized by the Deficit Reduction Act of 2005, Public Law. 109-171. Temporary Assistance for Needy Families (TANF) Final Rule was published in the Federal Register on April 12, 1999 (Vol. 64. No. 69). The Tribal Temporary Assistance for Needy Families (TANF) Proposed Rule was published in the Federal Register July 22, 1998 (Vol. 63 No. 140), 45 CFR 200 et seq. The Tribal TANF Final Rule was published in the Federal Register on February 18, 2000 (Vol. 65, No. 34). The Interim Final Rule was published in the Federal Register June 29, 2006 (Volume 71, Number 125). The Final Rule was published in the Federal Register on February 5, 2008 at 73 Fed. Reg. 6772 and was effective October 1, 2008. TANF is subject to the Uniform Guidance, §200.203, §200.216, Subpart D, E, and F. This authorization is in contrast to AFDC, which, as described in Appendix I, was excluded from the A-102 Common Rule.

**State Authorization:** Session Law 2015-241  
<http://www.ncleg.net/Sessions/2015/Bills/House/PDF/H97v9.pdf>  
Joint Conference Committee Report 2013  
[http://www.ncleg.net/sessions/2013/budget/2013/SB402\\_Committee\\_Report\\_2013-07-21.pdf](http://www.ncleg.net/sessions/2013/budget/2013/SB402_Committee_Report_2013-07-21.pdf)

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

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**Address Confirmation Letters To:**

SFY **2023** 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 DHHS 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 **2022-2023**). 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 2021-2023)."

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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.

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

This compliance supplement must be used in conjunction with the OMB 2023 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: [Monitoring | NCDHHS](#)

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: [Monitoring | NCDHHS](#)

### III. COMPLIANCE REQUIREMENTS

Below on the matrix are the types of compliance requirements are applicable to the federal program, noted as “Y,” as determined by the federal granting agency if the federal program is listed in Part 2 of the OMB 2023 Compliance Supplement. A State agency may have added a Type. If the program is not listed in Part 2, the State Agency has determined the applicable Types. If a Type, applicable by OMB, does not apply at the local level or if the State has modified the federal requirements at the local level, this should be explained in the supplement under the Type. A Type that is not applicable at the local level is noted by “N.”

If a particular Type is noted as “Y,” the auditor must determine if the Type has a direct and material effect on the federal program for the auditee. For each Type of compliance requirement, the auditor must use the OMB 2023 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.

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 Supplement “DSS-0 Crosscutting Requirements” 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.

## **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 2022-2023. 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 Child Welfare System. 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
<b>Total</b>	<b>\$8,000</b>	<b>\$13,500</b>

#### **G. Matching, Level of Effort, Earmarking**

Not applicable at the local level.

#### **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](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](https://www.ncdhhs.gov/divisions/social-services/county-staff-information/monitoring).

**N. Special Tests and Provisions**

Not applicable at the local level.