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**STATE MATERNITY HOME FUND**

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**State Authorization: N.C.G.S. 143B-10 and 143B-153 | 10A NCAC 71L**

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

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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)”.

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 State Maternity Home Fund provides payment for up to 183 days of residential care services. The care and related services are for adolescents and women who are NC residents and who are experiencing an unplanned pregnancy, regardless of age or marital status, and who are unable to remain in their own home during pre-natal periods, and whose financial resources have been determined by a social worker to be inadequate to meet the residential costs or costs of an approved living arrangement.

## II. PROGRAM PROCEDURES

A State Maternity Home Fund application, form DSS-6187, for an individual needing out-of-home care during pregnancy must be submitted by a Local Department of Social Services or a licensed private Adoption Agency to the Division of Social Services for review and approval. The program manual detailing the application process, eligibility, and required forms is available on line at: <https://policies.ncdhhs.gov/divisional/social-services/child-welfare/policy-manuals>

Appendix 4 .

When an application is approved, the Division notifies the submitting agency and the licensed maternity home that payment for care is authorized. The Division of Social Services pays a per diem amount to licensed maternity homes based on bed capacity and the allowable audited expenditures as determined by the DHHS Office of the Controller. Payment for care in a family home setting or an approved boarding arrangement is processed at the standard board rate established for youth in foster care. Payments for authorized services are submitted for reimbursement monthly. This program is monitored based on the DSS Monitoring Plan located at: <https://www.ncdhhs.gov/divisions/social-services/county-staff-information/monitoring>. The Division of Social Services processes applications for State Maternity Home Funds based on the date application is received. Funds are allocated on behalf of eligible individuals until funds are exhausted each fiscal year.

## 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.

1	2	3	4	5	6	7	8	9	10	12	13	14
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	Y	N	Y	N	N	N	Y	N	N

### 1. Activities Allowed or Unallowed

The State Maternity Home Fund cannot be used for hospitalization and delivery services or other medical services received outside the auspices of a licensed maternity home or approved alternative living arrangement. All funding is

distributed by the state directly to provider for client services. The State Maternity Home Fund does not allow the purchase of equipment or real property.

Living arrangements for which State Maternity Home Funds may be used include: (a) a maternity home licensed in North Carolina; (b) a foster family home for children, licensed in North Carolina; (c) the home of a non-legally responsible relative in North Carolina; or (d) for individuals age 18 and over, a boarding arrangement in North Carolina.

Local Agencies are required to complete the service plan, verify client eligibility, confirm any available resources and complete the DSS-6187 State Maternity application. In addition, case workers are required to conduct status checks during the client's approved stay in the requested living arrangement.

### **Compliance Requirement**

Determine if agency has verified information provided by client, including but not limited to, US citizenship, North Carolina residency, expected delivery date, documentation of all client income, etc. In addition, confirm case worker visitation (typically once per month) with client during approved period for State Maternity funding.

### **Audit Objective**

To assure proper documentation is maintained for data submitted to the state request approval of funding (via the DSS-6187 Application for State Maternity Funds).

To assure proper document is maintained for an alternative living arrangement, if requested.

### **Suggested Audit Procedure**

Review documentation in client file and confirm documents support information reported on the submitted application.

## **2. Allowable Costs/Cost Principles**

Maternity Home fund payment is to supplement any other funds available from County Departments of Social Services, other governmental agencies, families or private agencies.

Maternity Home Fund reimbursement for residential costs for clients approved by the Division of Social Services is based on the type of facility or living arrangement in which the placement is made.

1. Payment to licensed maternity homes is based on the actual per diem cost of care; as established by the DHHS Controller's Office. Annual rate of pay letters are distributed to the qualifying provider by the DHHS Controller's Office, Rate Setting Branch.
2. Payment for care in a family foster home will be processed at the standard board rate established for youth in foster care.

3. Payment of care costs in the home of a non-legally responsible relative or in a boarding arrangement will be processed at the standard board rate established for youth in foster care. Boarding home arrangements must be jointly approved by the agency requesting funds and the Division of Social Services.

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.

It should be noted that funding is contingent upon State Budget approval and the source can change between budget years.

### **Compliance Requirement**

Determine if agency has verified information provided by client, including expected delivery date, identification of alternative support or family members. Confirm ongoing support of client during approved period for State Maternity funding.

### **Audit Objective**

To assure clients requesting assistance are eligible for services and proper document is maintained.

### **Suggested Audit Procedure**

Review documentation in client file and confirm documents support information reported on the submitted application and ongoing services to the client, when approved.

## **5. Eligibility**

The State Maternity Home Fund is a resource for any North Carolina resident experiencing an unplanned pregnancy, regardless of age or marital status, who is unable to remain in her own home during the pre-natal period and whose financial resources have been determined to be inadequate to meet residential costs in an approved living arrangement. Program requirements indicate the client must be a citizen of the United States to receive funding.

### **Compliance Requirement**

Determine if agency has verified all information for citizenship, North Carolina residency, and income.

### **Audit Objective**

To assure information submitted to the state is accurate and complete.

### **Suggested Audit Procedure**

Review documentation in client file and confirm documents support information reported on the submitted application.

**7. Matching, Level of Effort, Earmarking**

**Matching**

If employed, at least 1/4 of the applicant's income is expected to go toward the placement. If she receives SSI, child support, or parental death benefits, it is expected that most of the support income will go toward the placement, with a small portion allowed for personal incidentals. This is either an amount established by Social Security or approximately 5% of the benefit. All client payments are made directly to the home or facility providing services.

**Level of Effort and Earmarking** does not apply.

**Compliance Requirement**

Determine if agency has verified all applicable income or support the client receives.

**Audit Objective**

To assure available resources are applied before State Maternity Funding is issued.

**Suggested Audit Procedure**

Review documentation in client file and confirm documents support information reported on the submitted application.

**12. Reporting**

The State Maternity Fund Coordinator issues a preliminary monthly statement to Service Providers, detailing approved placement information for clients receiving services. The Provider reviews the preliminary statement, determines the need for any changes or input of client discharge data and updates the statement to reflect correct enrollment information. After the review and any applicable changes, the Provider certifies services provided by signing and dating the statement. The completed statement is forwarded to the State Maternity Fund Coordinator for final approval. After review, the Coordinator signs and approves the payment and forwards the statement to the DHHS Controller's office for processing of payment directly to the service provider.

Case workers are required to maintain contact with the client and notify the SMF Coordinator if there are any changes or the client discharges from the program. Case workers are provided an Approval / Action Notice (DSS-6189) that includes a survey for reporting discharges. This document should be completed timely when the client discharges and submitted to the SMF Coordinator.

**Compliance Requirement**

Determine if agency provided timely notification of changes or discharges.

**Audit Objective**

To assure accurate information is provided to the state office.

**Suggested Audit Procedure**

Review documentation in client file and confirm information is reported appropriately for client's status and discharge.