STATE FOSTER CARE BENEFITS PROGRAM


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

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N. C. DHHS Confirmation Reports:
SFY 2014 audit confirmation reports for payments made to Counties, Managed Care Organizations (MCOs or, formerly, Local Management Entities), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by early September at the following web address: http://www.ncdhhs.gov/control/auditconfirms.htm. At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2013-2014)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2012-2014)”.

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.

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.

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 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...
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receive reimbursement on a monthly basis based on data entered into the Child Placement and Payment System (CPPS).


Monitoring is performed according to the DSS Monitoring Plan located at http://www.ncdhhs.gov/dss/Monitoring/index.htm

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The DHHS/Division of Social Services (DSS) mandates that all the testing included within the crosscutting section be performed by the local auditors. Please refer to the “DSS Crosscutting Supplement” #DSS-0 for those mandated requirements. January 2009 changes incorporate a principle of “equal partnership” in cost-sharing between the State and the counties, for specified placements. The changes became effective with December 2008 services paid in January 2009. Please review the following Dear County Director letters for additional information on these changes: FSCW-83-2007 and FSCW-23-2008, FCSW-55-2008.

1. ACTIVITIES ALLOWED OR UNALLOWED

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

http://info.dhhs.state.nc.us/olm/manuals/manuals.aspx?dc=dss

Compliance Requirement

Program funds are to be used to pay for Foster Care 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 is 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. Clients meeting this requirement will sign an active Contractual Agreement for Residential Services (CARS), DSS-5108 form. The form must be approved by the Agency Director or Designee. Form is available for review at: http://info.dhhs.state.nc.us/olm/forms/dss/dss-5108.pdf 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.

Audit Objective

To ensure that State Foster Care Benefit 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 or is not receiving 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. 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.

5. ELIGIBILITY

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. This special process is detailed in the Dear County Director letter available at: http://www.ncdhhs.gov/dss/dcdl/famsupchildwelfare/cws-27-09.pdf.

For unemancipated minors, the court findings must include judicial determinations that the agency has placement authority and that the court approves the child’s removal from the home; the continuation in the home is contrary to the best interests of the child; that reasonable efforts were made to prevent placement or that reasonable efforts could not have been made. Youth ages 18-20 must be in care by way of a DSS-5108, Contractual Agreement for Residential Services (CARS) in order to be eligible for State Foster Care Benefit funds. The individual case record must contain documentation of the eligibility determination process.

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.

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.
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 Benefit funds.

7. MATCHING, LEVEL OF EFFORT, EARMARKING
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 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.

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:

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. The settlement reports are mailed to the county with their reimbursement.

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

Suggested Audit Procedure
Review a representative sample of cases on the PQA-020 and compare to the county payment vouchers for services to assure that correct amount of reimbursement was requested.