

93.667-CL

**SOCIAL SERVICES BLOCK GRANT CLUSTER**


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<b>State Project/Program:</b>	<b>SPECIAL CHILDREN ADOPTION INCENTIVE FUND</b>
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<b>Federal Authorization:</b>	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.
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**N. C. Department of Health and Human Services  
Division of Social Services**

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<b><u>Agency Contact Person – Program:</u></b>	<b><u>N. C. DHHS Confirmation Reports:</u></b>
Lisa Cauley NC DSS Deputy Director Child Welfare (919) 527-6401 <a href="mailto:Lisa.Cauley@dhhs.nc.gov">Lisa.Cauley@dhhs.nc.gov</a>	SFY 2019 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: <a href="https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports">https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports</a> . At this site, click on the link entitled “ <u>Audit Confirmation Reports (State Fiscal Year 2018-2019)</u> ”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select “ <u>Non-Governmental Audit Confirmation Reports (State Fiscal Years 2017-2019)</u> ”.
<b><u>Agency Contact Person – Financial</u></b>	Kim Goodwin Fiscal Compliance Monitor (919) 628-8268 <a href="mailto:Kimberly.Goodwin@dhhs.nc.gov">Kimberly.Goodwin@dhhs.nc.gov</a>

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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 may elect to review audit working papers to determine that audit tests are adequate.

## **SPECIAL CHILDREN ADOPTION INCENTIVE FUND**

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### **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.

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

### **III. COMPLIANCE REQUIREMENTS**

#### **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

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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 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**

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Sub recipients receive funding under this program on a reimbursement rather than an advance basis. Therefore, no audit testing is necessary with respect to the federal cash management requirements of 2 CFR, Part 200.

### **F. EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Certain equipment required due to a child's special needs may be purchased. This equipment is purchased for the child and belongs thereafter to the child and family.

### **G. MATCHING, LEVEL OF EFFORT, EARMARKING**

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](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**

Subrecipients are monitored by NC State Adoption Services Program in accordance with the NC Local County Social Service Agencies Monitoring Plan, found at: [NC Local County Social Service Agencies Monitoring Plan](#).