
CHILDREN’S TRUST FUND

State Authorization: N.C.G.S. 7B-1300-1302

**NC Department of Health and Human Services
Division of Social Services**

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NC DHHS Confirmation Reports:

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:

<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 2018-2019)”. 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 2017-2019)”.

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 Children’s Trust Fund is to provide community-based educational and service programs designed to prevent the occurrence of child abuse and neglect. Child abuse and neglect prevention programs are defined to be those programs and services which impact juveniles and families before any substantiated incident of abuse or neglect has occurred. These programs may include, but are not limited to:

- 1) Community-based educational and family support programs on prenatal care, parent-child bonding, parenting skills, child development, positive discipline, basic child care, care of children with special needs, and coping with family stress; and
- 2) Community-based programs related to crisis care, case management, referrals, aid to meet family’s basic needs, mental health services, developmental assessments, and support groups for parents and their children experiencing stress within the family unit.
- 3) Community response programs that provide outreach, case management, support, and services to individuals and families identified as being at-risk of compromised health and safety by promoting protective factors that strengthen families.

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II. PROGRAM PROCEDURES

The North Carolina Children’s Trust Fund established through N.C.G.S. 7B-1301-1302, is administered by the North Carolina Department of Health and Human Services (DHHS), Division of Social Services (DSS).

Grants are awarded by DSS through a competitive Request for Applications (RFA), an assessment of the ability and capacity of the organization to implement community-based programs, and availability of funding. The RFA will be made accessible to the public through announcement on the DSS public notice site. The RFA will contain a listing of approved services, application process, and required application forms and contract certifications.

Any tribal government, community-based, public or private nonprofit, tax-exempt organization (including faith-based), school system, local government agency that is duly incorporated and registered under North Carolina Statutes, including, but not limited to County Departments of Social Services, is eligible to apply.

An independent review team is comprised to review and score the applications. The recommendations of this team are forwarded to the Community Based Program Administrator, Section Chief for Child Welfare Policy and Programs, Deputy Director for Child Welfare Services, and to the Director of DSS for approval. Once this process is completed, a formal award notification is sent to approved applicants. DSS enters into a contract agreement with each agency to provide allowable services. These funds require a 25% provider match.

Subrecipients are reimbursed following expenditure through submission of a monthly DSS-1571 Part III Administrative Costs Report to the NC DHHS Controller’s Office. All State requirements are communicated to the subrecipients as part of the RFA and contracting process.

The State is required to monitor, evaluate, and report on all programs funded by this grant in accordance with regulations adopted by the DSS, which can be found at <https://www2.ncdhhs.gov/dss/Monitoring/index.htm>.

These funds may be used for an array of services including but not limited to: Community-based educational programs on prenatal care, prenatal bonding, child development, basic child care, care of children with special needs, coping with family stress; and programs related to mental health, crisis care, parenting aid and education, and support groups for parents and their children experiencing stress within the family unit.

III. COMPLIANCE REQUIREMENTS

CROSSCUTTING REQUIREMENTS

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

1. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement

Specific, allowable activities include the services and activities described in the contract between the DSS and the service provider organization.

Services provided by and costs allowable under the Children’s Trust Fund grants are determined by the grantee with the approval of the DSS. These authorized services will be documented in the contract narrative and subsequent contract amendments.

Examples of allowable activities include, but are not limited to:

- Services designed to increase parenting skills and support;
- Case management and referral;
- Early developmental screening;
- Respite or Crisis Care;
- Referrals to community-based services;
- Public awareness and education activities;
- Individual, group, and family counseling and mental health services;
- Child abuse and neglect prevention activities;
- Family Resource Center based activities;
- Transportation to and from the services and activities;
- Child care, meals, and incentives to reduce participation barriers;
- Flexible funds to meet family’s basic needs;
- Family access to formal and informal resources;
- Parent engagement and leadership; and
- State and community-based collaborations and partnerships.

Audit Objective – To determine that Children’s Trust Funds are used only for allowable activities as specified in the individual contracts.

Suggested Audit Procedures – Examine the agency’s contract, cost reports and documentation to support the expenditures to determine if the expenditures were allowable.

2. ALLOWABLE COSTS/COST PRINCIPLES

All grantees that expend State funds (including federal funds passed through the NC 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.

Grantees may claim reimbursement for the following activities:

- Purchase of allowable services;
- Purchase of equipment, and training materials;
- Travel costs to required meetings sponsored by DSS and other relevant trainings;
- Other services or activities with prior approval from DSS.

Compliance Requirement – The following requirements relate to the grantee’s budget as of the balance sheet date as compared to the budget approved by DSS:

- The total expenditures may not exceed the contracted amount without prior written authorization of DSS.

Audit Objective – To determine whether agency has adhered to authorized budgeting practices.

Suggested Audit Procedures

- Review the operating budget approved by DSS and subsequent revisions. Determine that line items are within the amounts budgeted.

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- All grantees that expend State funds (including federal funds passed through the NC Department of Health and Human Services) are required to comply with the cost principles described in the NC Administrative Code at 09 NCAC 03M .0201.

3. CASH MANAGEMENT

Compliance Requirement – Grantees are reimbursed after expenditure through submission of the DSS-1571 part III Administrative Costs Report to the NC DHHS Controller's Office, unless a cash advance has been approved.

Audit Objective – To determine funding was reimbursed to grantees after expenditure.

Suggested Audit Procedures – Examine the contract to determine language of reimbursement after expenditure was included and verify that the cost reports were submitted the subsequent month after contracted services were provided.

4. CONFLICT OF INTEREST

Compliance Requirement – Children's Trust Fund grantees shall file with DSS, a copy of the grantee's policy addressing conflicts of interest that may arise involving the grantee's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee's employees or members of its board or other governing body, from the grantee's disbursing of State funds and shall include actions to be taken by the grantee or the individual, or both to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before DSS may disburse the grant funds. Refer to N.C.G.S. 143C-6-23(b) (2007).

Audit Objective – To determine whether agency has adhered to N.C.G.S 143C-6-23(b).

Suggested Audit Procedures – Examine grantee agency conflict of interest policy and procedure against personnel and related files to ensure compliance with N.C.G.S 143C-6-23(b).

5. ELIGIBILITY

Compliance Requirements – Families in need of services outlined in Section I are eligible for services under the Children's Trust Fund. Research has identified several factors that contribute to the risk of child maltreatment. While not predictive, risk factors commonly identify common features of families, parents/caregivers, children and their environment where abuse or neglect most often occur. Agencies will need to demonstrate that they intend to target one or more of the following population(s):

- Families and children living in poverty
- Parents/caregivers abusing substances
- Young parents and/or parents of young children (0-5)
- Single parents
- Families experiencing domestic violence
- Families experiencing homelessness
- Parents/caregivers and/or children with disabilities or mental illness
- Fathers, non-custodial parents, and parent companions
- Military families experiencing multiple deployments

Determination of need is based upon completion of the Family Support Outcome Scale documents that are maintained in individual case records.

Audit Objective – Determine whether agency is completing authorized eligibility documentation.

Suggested Audit Procedures – Examine sample of need assessment documentation in case records. Ascertain whether agency has completed forms for recipients of program benefits and determined recipients to be eligible for program benefits.

6. EQUIPMENT AND REAL PROPERTY MANAGEMENT

Compliance Requirement – Equipment purchased through the Children’s Trust Fund as a direct cost is allowable as long as that equipment is designated for the exclusive use of the Children’s Trust Fund programs. Otherwise, equipment must be cost allocated.

Audit Objective – Determine whether Children’s Trust Fund programs direct charged equipment purchases, or used cost-allocation method. Determine whether purchases met the standards for pre-approval as indicated in contract between DHHS and Children’s Trust Fund grantee.

Suggested Audit Procedure – Verify that no equipment was charged to Children’s Trust Fund without consent of the NCDHHS.

7. MATCHING, LEVEL OF EFFORT, EARMARKING

Compliance Requirement – Every contract entered into by the DSS shall contain provisions that at least twenty-five percent (25%) of the total funding required for a program be provided by the administering organization in the form of in-kind or other services and that a mechanism for evaluation of services provided under the contract be included in the services to be performed.

Audit Objective – To determine that grantees match all funds as required.

Suggested Audit Procedures – Review grantee agency finance records located at the grantee agency offices in order to verify that the grantee has provided the appropriate match for funds received with this program at the appropriate rate.

9. PROCUREMENT AND SUSPENSION AND DEBARMENT

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the NC 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 NC 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. Nongovernmental subrecipients shall maintain written procurement policies that are followed in procuring the goods and services required to administer the program.

Suspension and Debarment

Compliance Requirement – Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Audit Objective – To determine that no contract was awarded to any party that has been suspended or debarred or whose principals have been suspended or debarred.

Suggested Audit Procedures

1. Test a sample of contracts and ascertain if the required suspension and debarment certifications were received for subawards and covered contracts.

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2. Test a sample of contracts to the list of parties excluded from federal procurement or non-procurement programs issued by the general services administration and ascertain if contracts were awarded to suspended or debarred parties.

12. REPORTING

Compliance Requirement – A monthly report of budget expenditures is to be submitted to DSS at the end of each month. All costs are submitted on a DSS-1571 Administrative Cost Report. This is covered under the Crosscutting requirements. In conjunction with the monthly report all Children's Trust Fund grantees are required to submit performance monitoring reports on a quarterly basis, at a minimum.

Audit Objective – To determine that grantees are accurately reporting their expenditures on the DSS-1571.

Suggested Audit Procedures – Review the operating budget approved by DSS and subsequent revisions. Determine that expenditure line items are reported accurately on the form DSS-1571.

13. SUBRECIPIENT MONITORING

Compliance Requirement – Monitoring is performed as specified in the NCDSS Monitoring Plan located at: <https://www2.ncdhhs.gov/dss/Monitoring/index.htm>.

Audit Objective – To determine if grantees are monitored according to the NCDSS Monitoring Plan.

Suggested Audit Procedures - Review documentation of performance monitoring reports to verify grantee performance is being monitored according to the monitoring plan.