

93.599 CHAFEE EDUCATION AND TRAINING VOUCHER PROGRAM (ETV)

State Project/Program: N.C. LINKS PROGRAM – EDUCATION AND TRAINING VOUCHER (ETV)

**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

Federal Authorization: Social Security Act, Title IV-E, Sections 474 and 477 as amended by P.L. 106-169, the Foster Care Independence Act of 1999 and P.L. 115-123, the Family First Prevention Services Act of 2018. Program instructions and procedures are outlined in ACYF-CB-PI-03-36

State Authorization: N.C.G.S. 115B-2, 10A NCAC72 0102

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

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Address Confirmation Letters To:

SFY 2026 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 2025-2026). 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 Oct’ 2023-2026).”

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 State compliance supplement must be used in conjunction with the OMB 2026 Compliance Supplement which is scheduled to be issued in May 2026. The OMB supplement will include “Part 3 - Compliance Requirements,” for the types that apply, and “Part 6 - Internal Control.” If a federal Agency issued guidance for a specific program, this will be included in “Part 4 - Agency Program”. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

To provide resources to States and eligible Indian Tribes to make available vouchers for post-secondary training and education, to youth who are likely to age out of foster care or who have been adopted or left for kinship guardianship from the public foster care system after age 16, or who were in foster care on or after their 17th birthday.

II. PROGRAM PROCEDURES

The State completes the annual CFS-101 that provides an estimate of annual funds. The Administration of Children and Families (ACF) awards funds to states depending upon funding availability. These funds require a twenty-percent match which may consist of State funds or allowable in-kind match.

Subrecipients submit an annual contract proposal to the State and funds are awarded. Subrecipients acquire their grant award via the N. C. DHHS Office of Procurement and Contracting procedures referenced at

<https://ncadmin.nc.gov/government/procurement/procurement-rules>. Funds are distributed to the subrecipient monthly upon submission of a DSS-1571 invoice to the State.

Eligible youth are required to apply for funding by completing the subrecipient application online. Eligibility is determined by the NC State LINKS Program and communicated to the subrecipient. Funds are distributed to eligible applicants depending upon need and funding availability up to \$5,000 per year and upon verification of their enrollment in a post-secondary or vocational institution. Funds may be used for cost of attendance and other allowable expenses.

Subrecipients are monitored by the NC State LINKS Program in accordance to the NC Department of Health and Human Services, Division of Social Services Subrecipient Monitoring Plan – Contracts, found at: [NC Sub-Recipient Contract Monitoring Plan](#).

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements (Types) for this federal program identified by either the federal or State agency with a “Y” that are subject to the audit. The auditor must determine if the Type noted by “Y” has a direct and material effect on the federal program for the auditee. If the Type is determined to be subject to audit, the auditor must use the OMB 2026 Compliance Supplement, Part 3 and Part 4 (if an OMB supplement is issued) in addition to this State supplement to perform the audit.

If the State determines that the federal requirement does not require testing at the local level or if the State modifies the federal requirements, this is discussed in the supplement under the type of compliance requirement. Auditors are not expected to test requirements that have been noted with an “N.”

A	B	C	E	F	G	H	I	J	L	M	N
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	N	Y	N	N	Y	Y	N	Y	Y	N

A. Activities Allowed or Unallowed

Funds may be used to provide vouchers for post-secondary education and training to youth who are/were in foster at age 17 otherwise eligible for services under the State’s or Tribe’s Chafee Foster Care Program for Successful Transition to Adulthood. Vouchers may also be provided to youth who leave foster care for adoption or kinship guardianship after age 16, or who are still in foster care on or after their 17th birthday. Vouchers can be provided to youth up to the age of 26, as long as they are enrolled in a postsecondary education or training program and are making satisfactory progress toward completion of that program. Vouchers provided to individuals may be available for the cost of attending an institution of higher education (as defined in section 472 of the Higher Education Act) and shall not exceed the lesser of \$5,000 per grant year or the total cost of attendance as defined in section 472 of the Higher Education Act.

No more than ten percent (10%) of the federal grant is dedicated to the administration of these funds. That portion of the funds is distributed between salaries and other administrative costs. The remainder of the funds may only be used for cash vouchers for the eligible students to pay for allowable expenses that are included in their cost of attendance. Vouchers are directly paid to third party vendors.

Suggested Audit Procedures:

Determine that students receiving Educational Training Vouchers are eligible for these funds by meeting all the criteria in section C, below.

Documentation that voucher specifies that the student is eligible for ETV and that any expenditure is allowable under the principles of the Act.

Documentation of administrative expenditures from a vendor is allowable under the budget.

B. Allowable Costs/Cost Principles

Funds provided to the subrecipient for administration may only be used for salaries, annual audit expenses, web-based application, case management services, mentoring services, marketing and promotional materials, insurance, equipment, and supplies.

Funds provided to or on behalf of applicants may be used for:

- Tuition and fees.
- On-campus room and board or a housing and food allowance for off-campus students.
- Allowances for books, supplies, transportation, loan fees, and, if applicable, dependent care.
- Costs related to disability.
- Miscellaneous expenses, including rental or purchase of a personal computer.
- Reasonable costs associated with eligible study-abroad programs.

E. Eligibility

Applicants are eligible for up to \$5,000 in financial assistance to attend a qualifying educational or vocational training institution which provides post-secondary coursework. The award is based on the total cost of attendance less other federal grants and scholarships. The award may not exceed \$5,000.

- Applicant is now between 18 and 20 years of age. If now 21 to 26 years of age, must have received ETV funds prior to 21st birthday and;
- Applicant was in foster care on or after his/her 17th birthday or was adopted from foster care on or after his/her 16th birthday or placed in a relative guardianship on or after his/her 16th birthday and;
- Applicant is attending a qualifying institution of post-secondary education or training program and are making satisfactory progress toward completion of that program (but in no event may a youth participate in the program for more than 5 years (whether or not consecutive). Full time students qualify for up to \$5,000 a year for all the above expenses; students attending part time qualify for up to \$2,500 per year in tuition/fees, books, supplies, transportation, and dependent-care expenses and;
- Applicant is either a U. S. Citizen or is a qualified resident alien.

H. Period of Performance

Federal grants are provided to the State for the Federal Fiscal Year October 1 through September 30. Funds are awarded to subrecipients on the State Fiscal Year July 1 through June 30.

I. Procurement and Suspension and Debarment

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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 to 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 <https://ncadmin.nc.gov/government/procurement/procurement-rules>.

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

Suspension and Debarment applies to any sub-contractor.

Debarred vendors can be found at:

<https://ncadmin.nc.gov/documents/nc-debarred-vendors>

L. Reporting

This program is required to submit an annual CFS-101 report to the Administration of Children and Families (ACF)

M. Subrecipient Monitoring

LINKS Program sub-recipients are monitored by the NC State LINKS Program in accordance to the NC Local County Social Service agencies Monitoring Plan, found at: [NC Local County Social Service Agencies Monitoring Plan](#)