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ADOPTION ASSISTANCE PROGRAM IV-B

State Project/Program: ADOPTION ASSISTANCE PROGRAM IV-B

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES

Federal Authorization: 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) and The Fostering Connections to Success and Increasing Adoptions Act (Public Law 110-351).

State Authorization: N/A

N. C. Department of Health and Human Services

Division of Social Services

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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

The objective of the Adoption Assistance Program IV-B is to provide adoption assistance to certain children with special needs, following entry of a final adoption decree. In addition, this program is intended to establish, extend, and strengthen child welfare services provided by state and local public welfare agencies. It also funds services that enable children to remain in their homes, or if possible, to provide alternate permanent homes for them.

II. PROGRAM PROCEDURES

The cognizant federal agency is the Administration for Children and Families, U. S. Department of Health and Human Services. The State Division of Social Services, which administers the services program under Title IV of the Social Security Act, is the designated single State agency to administer child welfare services. The Division prepares the annual CFS-101 report to estimate need; however, states are awarded funds based on availability. These funds require a 25% state or county match and can be cash or in-kind. Due to limited federal IV-B I funds the State supports this program at the rate of 75%. However, when federal IV-B I funds are available they may be used to support this program at the rate of 75%. The county is required to provide the 25% match for either funding source.

IV-B Adoption Assistance cash benefits are provided to adoptive families on behalf of eligible children who have special needs but who do not meet eligibility requirements for Title IV-E. Adoption Assistance payments begin for qualified children after the final order of adoption. For Adoption Assistance reimbursement, County DSS enters data into the Child Placement and Payment System for each child for whom Adoption Assistance is planned. Payments are made through the Child Placement and Payment System (CPPS) and must be no greater than the foster care board rates. The State reimburses the counties for eligible expenditures, sends Adoption Assistance checks directly to eligible families, and provides policy and legal interpretation. In addition, vendor payments for medical and non-medical specialized services may be provided up to \$2,400 per year (change in policy effective October 2010).

The approved State IV-B plan, which may be found in the North Carolina Division of Social Services, Children's Services Section, reflects all allowable uses of IV-B I funds including Adoption Assistance.

Audits are conducted in accordance with the requirements in 2 CFR, Part 200.

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.”

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

Crosscutting Requirements

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

A. Activities Allowed or Unallowed

Individuals receiving aid must meet the eligibility requirements defined in the approved state plan and specified in Child Welfare Funding Modified Manual, Appendix 3.6. A copy of this reference material should be available in the agency, or at the following web site:

https://policies.ncdhhs.gov/wp-content/uploads/Appendix-3-6-Adoption-Assistance-Funding_7-2024.pdf

There are no income eligibility requirements. In general, these children must have been determined to be ineligible to receive a monthly Cash Payment from Title IV-E adoption assistance funds and must be or have been in the custody of a North Carolina child welfare agency. 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.

County Social Service Agencies are monitored in accordance with the NC Division of Social Services Local Social Service Agencies Monitoring Plan, found at: [Monitoring Plan](#).

B. Allowable Costs/Cost Principles

Individuals receiving aid must meet the eligibility requirements defined in the approved state plan and specified in Child Welfare Funding Modified Manual, Appendix 3.6. A copy of this reference material should be available in the agency, or at the following web site:

<https://policies.ncdhhs.gov/wp-content/uploads/Appendix-3-6-Adoption-Assistance-Funding-7-2024.pdf>

There are no income eligibility requirements. In general, these children must have been determined to be ineligible to receive a monthly Cash Payment from Title IV-E adoption assistance funds, nor to have been the placement responsibility of a North Carolina licensed private adoption agency. 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.

Certain equipment such as orthopedic appliances, orthodontic appliances, eyeglasses, wheelchairs, hearing aids, computers, and other learning aids may be purchased for pre-existing physical, emotional or psychological handicapping conditions through vendor agreements. The item(s) must be determined by a therapeutic provider to be necessary due to the child's pre-adoptive condition. Additionally, if after adoption, the child is diagnosed as having had a degenerative bone disease which becomes known only after adoption, vendor benefits for this condition, as it existed, but was not known to anyone, prior to the adoptive placement. Reimbursement and/or coverage for these costs must not be available through other funding sources. This equipment is purchased for the child and belongs thereafter to the child and family. Reporting claims for reimbursement of vendor payments is on the form DSS-5095 (crosscutting requirements) and documentation should appear in individual case records.

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

Subrecipients 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

E. Eligibility

Individuals receiving aid must meet the eligibility requirements defined in the approved state plan and specified in Child Welfare Funding Modified Manual, Appendix 3.6. A copy of this reference material should be available in the agency, or at the following web site:

<https://policies.ncdhhs.gov/wp-content/uploads/Appendix-3-6-Adoption-Assistance-Funding-7-2024.pdf>

Individual case records must contain documentation of the eligibility determination process.

G. Matching, Level of Effort, Earmarking

This program is funded at the rate of 75% state funds and 25% 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. The state reimburses at the 75% rate.

There is no audit testing required at the local level for Matching, Level of Effort and Earmarking

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.

L. Reporting

This program is required to report Title IV-B I funds on form SF-425 on an annual basis. This requirement has not been passed to the subrecipients; therefore, additional testing is not required.