

REIMBURSEMENT FOR UNLICENSED KINSHIP CARE PROVIDERS

State Authorization: S.L. 2023-14/S.B. 20; S.L. 2024-34/S.B. 425

**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.

REIMBURSEMENT FOR UNLICENSED KINSHIP CARE PROVIDERS

I. PROGRAM OBJECTIVES

The General Assembly during the 2023 legislative session in accordance with Senate Bill 20 established a reimbursement fund for unlicensed kinship care providers. The purpose of the fund is to support those kinship care providers related by blood, marriage, or adoption providing foster care as defined under G.S. 131D-10.2(9). There is appropriated from the General Fund to the Department of Health and Human Services, Division of Social Services, the sum of five million seven hundred sixty-six thousand three hundred ninety dollars (\$5,766,390) in recurring funds for each year of the 2025-2027 fiscal biennium to provide funds for the State portion of unlicensed kinship care reimbursement rates set forth in subsection (b) of this section. Effective 7/8/24, S.L.2024-34 extended eligibility to “any individual who is related by blood, marriage, or adoption to a child and providing foster care to the child, and if applicable, to any half sibling(s) of the child.”

II. PROGRAM PROCEDURES

The maximum rates for State participation in reimbursement for unlicensed kinship foster care are established on a graduated scale and based on half of the standard foster care board rate identified in the Foster Care Funding Manual. Counties provide 50% of the cost of the incentive; the state provides the other 50%. The entire amount of the payment is paid to the kinship care provider by the county and the county charges the State for its share of the cost.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements identified by the State Agency, noted by “Y” that are that are subject to the audit for the State program. The auditor must determine if the Type noted by “Y” has a direct and material effect on the State program for the auditee.

1	2	3	4	5	6	7	8	9	10	12	13	14
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Conflict of Interest	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	N	Y	N	N	N	N	N	N	N	N

1. Activities Allowed or Unallowed

The unlicensed kinship program is designed by Senate Bill 20 to reimburse unlicensed kinship providers for the costs incurred while caring for children in foster care placed in their home who are related by blood, marriage, and adoption. Effective 7/8/24, S.L.2024-34 extended eligibility to “any individual who is related by blood, marriage, or adoption to a child and providing foster care to the child, and if applicable, to any half sibling(s) of the child.”

2. Allowable Costs/Cost Principles

The maximum rates for State participation in reimbursement for unlicensed kinship foster care are established on a graduated scale as follows:

- (1) \$351.00 per child per month for children from birth through 5 years of age.
- (2) \$371.00 per child per month for children 6 through 12 years of age.
- (3) \$405.00 per child per month for children at least 13 but less than 18 years of age.

The State and a county participating in unlicensed kinship care shall each contribute fifty percent (50%) of the nonfederal share of the cost of care for a child placed by a county department of social services or child-placing agency in a family foster home.

5. Eligibility

Children and families must meet certain criteria to be eligible to receive reimbursement funding for unlicensed kinship care providers. All the following criteria must be met:

- a. Child(ren) must be in the custody of a local child welfare agency while receiving payments.
- b. The County must have the Court sanction or authorize the placement.
- c. Child(ren) must be related to the kinship care provider through blood, marriage, or adoption, providing foster care as defined under G.S. 131D10.2(9); and, if applicable, any half siblings of the child(ren) regardless of their relationship to the kinship care provider.
- d. Child(ren) must be between the ages of 0 and 17.
- e. The placement must be an unlicensed kinship care provider.
- f. The kinship provider must agree to receive payments by signing the DSS-5802 Unlicensed Kinship Payment Acknowledgement.
- g. County child welfare agency must have completed and approved appropriate background checks and kinship care assessments at appropriate intervals.