

NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF SOCIAL SERVICES

COST ALLOCATION PLAN

FOR GRANTS AND CONTRACTS WITH THE DEPARTMENT  
OF HEALTH AND HUMAN SERVICES

STATE OF NORTH CAROLINA

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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF SOCIAL SERVICES  
COST ALLOCATION PLAN

INTRODUCTION

I. General Information

This plan has been developed in accordance with the cost principles and provisions of 45 CFR Part 74, Part 92 and Part 95 subpart E and OMB Circular A-87. Revisions in the plan will be submitted to the cognizant Federal agency whenever allocation methods shown in the plan become outdated due to organizational changes within the state agency, changes in federal law or regulations, or other similar changes.

Costs directly billed or allocated to the Division of Social Services are further allocated according to the Division's cost allocation plan.

The Social Services program in North Carolina is county administered and state supervised. This administration and supervision encompasses the following programs:

A. Federal Programs (Separate Grants)

**1. Department of Health and Human Services**

a. Administration for Children and Families (ACF)

1. Title I - Child Abuse and Neglect State Grant CFDA #93.669
2. Title II – Adoption Opportunities (Disseminating Trauma – Informed Practices) CFDA # 93.652
3. Title III - Family Violence Prevention and Services CFDA #93.671
4. Title IV-A - AFDC - Maintenance Assistance, Emergency Assistance, and Administration - for adjustments only
5. Title IV-A - Temporary Assistance for Needy Families (TANF) (TANF Block Grant, TANF Contingency Funds) CFDA #93.558
6. Title IV-B, Subpart 1 - Child Welfare Services State Grants CFDA #93.645
7. Title IV-B, Subpart 2 - Promoting Safe and Stable Families (Promoting Safe and Stable Families, Caseworker Visits) CFDA #93.556
8. Title IV-D - Child Support Enforcement CFDA #93.563
9. Title IV-D – Child Support Enforcement Research (Tri-Metro Workforce Development Collaborative) CFDA # 93.564
10. Title IV-E - Chafee Educational and Training Vouchers Program (ETV) CFDA #93.599
11. Title IV-E - Adoption Incentive Payments CFDA #93.603
12. Title IV-E - Foster Care (Foster Care, American Recovery and Reinvestment Act) CFDA #93.658
13. Title IV-E - Adoption Assistance (Adoption Assistance, American Recovery and Reinvestment Act) CFDA#93.659
14. Title IV-E - Chafee Foster Care Independence Program CFDA#93.674
15. Title IV-F - JOBS - Job Opportunities and Basic Skills - for adjustments only

16. Title V - Refugee and Entrant Assistance State Administered Programs (Refugee Cash and Medical Assistance, Refugee Social Services) CFDA #93.566
  17. Title V - Refugee and Entrant Assistance Discretionary Grants (Cuban-Haitian Refugees and Entrants, Refugee Resettlement Services to Elderly Refugees, Refugee School Impact, Refugee Targeted Assistance) CFDA #93.576
  18. Title XX - Social Services Block Grant CFDA #93.667
  19. Title XXVI – Low-Income Home Energy Assistance CFDA #93.568
  20. Community Services Block Grant (CSBG) CFDA #93.569
  21. Refugee and Entrant Targeted Assistance Grants CFDA #93.584
  22. Community- Based Child Abuse Prevention Grants CFDA #93.590
  23. Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF) CFDA #93.596
  24. Grants to States for Access and Visitation Programs CFDA #93.597
  25. Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse CFDA #93.087
- b. Centers for Medicare and Medicaid Services (CMS)
1. Title XIX - Medical Assistance Program (Medical Assistance Program, American Recovery and Reinvestment Act) CFDA #93.778
  2. Title XXI - State Children's Insurance Program CFDA #93.767

## **2. Department of Agriculture**

- a. Food and Nutrition Services (FNS)
1. Title XIII - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) (SNAP Administration, Employment and Training (E & T) 50 %, E & T Participation Reimbursement, E & T 100 %, State Exchange, Healthy Hunger-Free Kids Act, SNAP Farmer's Market) CFDA #10.561
  2. Assessment of Alternatives to Face-to-Face Interviews in SNAP CFDA #10.588

## **B. State and County Programs, Other Grants**

1. Other Financial and General Assistance
2. State/County Special Assistance for Adults (S/C - SA), mandatory SSI supplementation, effective January 1, 1974.
3. Duke Endowment Grant
4. Annie E. Casey Foundation
5. Children's Trust Fund
6. Urban Institute Grant
7. Z. Smith Reynolds Foundation
8. Haywood Electric
9. Wake Electric Roundup
10. CP & L Energy Program

## II. Fiscal Practices

The North Carolina Department of Health and Human Services (NC DHHS) Office of the Controller maintains the financial records in a manner to reflect separate accountability for each type of activity administered by the Division of Social Services (DSS) with disbursement classifications as required by the Office of the State Controller and the various federal agencies. The Division utilizes the North Carolina Accounting System, (NCAS) which is an on-line uniform accounting system.

The NCAS provides the uniform chart of accounts file, the central vendor file and the central item file. It provides central management of other key statewide data fields and system policies. The NCAS provides a library of standard control which allows for financial and budgetary reports and a set of defined system parameters that assures sufficient levels of timely, accurate information at the agency and statewide levels.

The method for fiscal reporting of County DSS offices requires a method based on 100 percent time recording. With a few exceptions, all County DSS staff having direct client contact and/or performing client-related service activities are required to maintain Daily Reports. In order to have a single record, which lists the total of each person's efforts; it is suggested that leave and other administrative type activities also be recorded on the Worker Daily Report of Services to Clients (DSS-4263) (Appendix 1). This will permit the direct client activity daily reports to be used as an acceptable time recording system. In addition, County DSS full-time Service Support or full-time Other Administration staff does not have to maintain Daily Reports. The salary, travel and benefit monies associated with these positions are prorated based upon percentages calculated from the direct service time of the direct staff. Traditionally, the original copies of the DSS-4263 reports are collected, reviewed by the appropriate supervisor(s) and sent to the data entry operator in each office on at least a weekly basis. The Daily Reports with errors are returned to the worker, corrected, resubmitted for supervisory approval and data entry. The white copies of the DSS-4263 reports are kept in the county files. Some counties have implemented automated versions of the DSS-4263, which vary by platform from county to county, but all incorporate the supervisory review, error-correction and certification requirements of the paper-driven process. Detailed instructions to assist county DSS staff in completing the Daily Reports are found in the Services Information System (SIS) User's Manual maintained by NC DSS Performance Management/ Reporting and Evaluation Management Section at the following website: <http://info.dhhs.state.nc.us/olm/manuals/dss/rim-01/man/>.

Effective October 1, 2013, NC DHHS implemented the North Carolina Families Accessing Services through Technology (NC FAST) Program. NC FAST is designed to improve the way NC DHHS and the County DSS conduct business using new technological tools and business processes that will enable staff to spend less time performing administrative tasks and more time assisting families. NC FAST impacts the timekeeping aspect of county department of social services workers, particularly staff performing intake, recertification and case management tasks. Unlike under the previous eligibility system, these processes under NC FAST are integrated. A citizen will be able to apply for multiple programs simultaneously. As such, workers will not be able to track time and effort to a particular program.

A modified cost allocation method has been developed that will continue to allow 100% time reporting. Three activities have been identified which will capture the time and effort of the county workers:

- (1) the application process

- (2) the recertification process
- (3) other case management activities

Under the modified method, staff will continue to maintain 100% time reporting by using additional service codes when recording time for the activities above. Costs will be allocated using the following method:

- Time on the activities will be accumulated in each county
- NC FAST will generate monthly reports that detail by county the number of actions, for example 1,200 recertifications for Medicaid.
- Allocation percentages will be developed for applications, recertifications and other case management duties based upon the time recorded and number of actions by program.
- A final calculation based upon the percentages of time by program will yield the allocation percentages.

Division of Social Services Appendix # 7 illustrates the modified cost allocation process.

In addition, effective 10/1/12, the County DSS staff that have direct client contact and/or performing client-related service activities related to potential Foster Care (FC) candidates apply a FC penetration rate. The FC penetration rate is calculated by dividing the total number of title IV-E FC eligible children by the total number of children in FC, including those that are title IV-E eligible and those that are not or have not yet been determined title IV-E eligible. County DSS staff that have direct contact and/or performing client-related services activities related to potential Adoption Assistance (AA) candidates apply an AA penetration rate. The AA penetration rate is calculated by dividing the total number of title IV-E AA eligible children by the total number of children in AA, including those that are title IV-E eligible and those that are not or have not yet been determined title IV-E eligible. The FC & AA penetration rates are applied to County DSS staff time when it is recorded on the DSS-4263.

Title IV-E FC & AA candidate eligibility determinations and standards are based on the licensing rules which can be accessed via a link from the following DSS website:  
<http://www.ncdhhs.gov/dss/licensing/index.htm#licensing>.

The administrative/operating cost of the County DSS is paid up front with local funds. At the end of each month, all County DSS offices prepare the Statement of Program Expenditures report (DSS-1571) (Appendix 2) which covers the county financial operations. The DSS-1571 is a reimbursement report submitted to the Office of the Controller Program Benefit/Payment Section in accordance with a prescribed uniform reporting procedure report. This report enables the county to receive the Federal and State funds available for the expenditures reported and are reimbursed by the NC DSS. The NC DSS, in cooperation with the County DSS offices and a private vendor, have implemented a process by which the county can import DSS-4263 data into proprietary software provided through a contract with the vendor which converts the timekeeping (DSS-4263) data directly to the DSS-1571 utilizing a crosswalk matrix (Appendix 6) provided by the NC DSS. In order for the County DSS offices to make necessary adjustments following this process, or to complete the DSS-1571 reports using the traditional manual method, the following is needed: computer generated Daily Report summaries produced by the NC Division of Information Resource Management (DIRM) each month (DHRSYWR001F1 Percentage of Time reports), the SIS User's Manual, the DSS Fiscal Manual available at the following website: <http://info.dhhs.state.nc.us/olm/manuals/oc/fsc/man> and

Adult and Children Services manuals available at the following website:  
<http://info.dhhs.state.nc.us/olm/manuals/default.aspx>.

Supporting data for administrative expenditures of the Countywide Cost Allocation Plan is not submitted directly to this office, but is retained in the fiscal office of the county and audited by Public Accountants in accordance with OMB Circular A-133 during the regular single audit process. The expenditures must be limited to those items permissible under State and Federal regulations and laws.

Principal records of administrative expenses are maintained by the NC DHHS Office of the Controller General Accounting and Financial Management and Accounts Receivable Sections. Expenditures are substantiated by payrolls, invoices, receipts, and other acceptable accounting data. Maintenance and custody of the records and supporting documents are the responsibility of the NC DHHS Office of the Controller General Accounting and Financial Management and Accounts Receivable Sections.

In accordance with 45 CFR Part 95 Subpart E 95.507(6), costs claimed for services provided by a governmental agency outside the Department of Health and Human Services are supported by written agreements.

The Office of the State Auditor annually audits the records of the DHHS, covering all expenditures from State and Federal funds, in accordance with OMB Circular A-133. Public Accountants who meet the Independent Standards audit the financial records of the County DSS relative to administrative expenditures.

Federal funds are drawn electronically utilizing various online systems which are administered by the DHHS Office of the Controller with funds being made available through the DHHS Cash Management Control System (CMCS). Funds drawn are also governed by the provision of the Treasury State Agreement with the NC Department of State Treasurer. Funds are drawn down by the Federal Funds/Financial Reporting Branch of the Office of the Controller and deposited in CMCS.

In accordance with the approved negotiation agreement between the DHHS and the United States Division of Cost Allocation, the DSS receives a yearly fixed amount of departmental and state-wide indirect cost.

The annual fixed indirect cost includes a carry forward to adjust prior year fixed cost to actual allowable cost.

#### NOTES:

Personnel costs for an employee performing duties outside of those included in the normal Responsibility Cost Center (RCC) allocation or direct charge method are reclassified to appropriate program(s) based on time records or such other documentation that provide an equitable distribution of costs. (Example: seasonal energy assistance duties, disaster activities)

Work performed in an RCC for outside agencies is billed accordingly and treated as a cost recovery.

From time to time an RCC which becomes inactive at the end of one state fiscal year must remain in the Plan for the next state fiscal year in order to make final payments.

The position count used in the monthly cost allocation schedules represents the number of positions by RCC filled in the current month according to the Business Enterprise Access for North Carolina (BEACON) Human Resource/Payroll System BO149: Positions By Funding Source Report for that period. The count is adjusted as necessary for organizational changes.

The budget amounts represent the current budget effective on the date a new RCC is established in the cost allocation plan or when changes are necessary to amend an RCC.

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ORGANIZATIONAL NARRATIVE

The information related below is to meet the requirements for the State Cost Allocation Plan for the Division of Social Services, Department of Health and Human Services, State of North Carolina.

The budget and accounting system of the Division of Social Services (DSS) is based on a series of budget units or responsibility cost centers which have been used as a basis for this plan. The major divisions of responsibility are:

**Division of Social Services (Overview)**

The mission of the DSS is to provide family centered services to children and families to achieve well-being through ensuring self-sufficiency, support, safety and permanency. DSS is responsible for administering a \$1.6 billion budget for public assistance and social services programs throughout the state. The programs administered by DSS will embrace family centered practice principles and provide services that promote security and safety for all. The DSS provides the necessary management, development and on-going implementation of policy and procedures that assures the provision of programs of public assistance benefits and social services authorized or required by federal and state laws, regulations and rules. The Division provides training, technical assistance, and consultation to the local staff who work in programs for families and children, including: 1) the services which form the basic "safety net" for needy families in the state – Refugee Assistance; Work First; Food and Nutrition Services, Low Income Home Energy Assistance Program (LIHEAP); Community Services; and 2) Child Welfare Services – Child Protective Services, Foster Care and Adoption Services; Child Abuse Prevention Services; Family Preservation and Independent Living Services. The Division also has responsibility for Child Support Enforcement activities in North Carolina. This wide variety of programs and services are rendered to over one million families and individuals per year.

The Division of Social Services is responsible for the supervision of the county administered social services system. This system provides basic economic support and services to improve family functioning and to ensure the safety, permanence and well-being of children. The Division of Social Services provides the necessary management, development and on-going implementation of policy and procedures that assures the provision of programs of public assistance benefits and social services authorized or required by federal and state laws, regulations and rules. The delivery of the benefits and services is primarily carried out through the 100 county Department of Social Services and private non-profits in accordance with Division policy and supervision.

**Program Compliance/Legislative Affairs**

The Program Compliance Section ensures the Division's program services are federally and state compliant when implemented. The Program Compliance Section is responsible for staffing the Social Services Commission as well as processing rules for all program services in the Division and providing technical assistance in the rules process; processing local social service board nominations and appointments; the Division's Disaster/Emergency Response Coordination; Coordination and

implementation for the Repatriation Program for North Carolina; Coordination of Hispanic/Latino Affairs; legislative coordination for the Division; Civil Rights-Title VI and Voting Rights Act compliance; Workplace Safety compliance, Health Insurance Portability and Accountability Act compliance, Equal Employment Opportunity / Administrative Procedure Act compliance, State Plan Coordination, Military/Veteran Coordination; serves as the Chair of the Center for Excellence for Contract Management for over 450 contracts providing over \$55M in funding and Division Management Administrator for Program/Contracts/Grants Database and contract administration for the Division's language translator and telephone language interpretation contracts.

### **Budget Operations**

The Budget Operations Section is responsible for all general business and operational activities for the Division's \$1.6 billion budget as approved by the North Carolina General Assembly. This Section is responsible for the accuracy of the Division's budget and funds are correctly expensed accordance with applicable laws, statues or agreements. The Division budget responsibility of \$1.6 billion receives over 36 different federal funding sources along with multiple other receipts which support over 89% of the budget. These funds require continuing management, monitoring and decision making according to federal and state laws, regulations and rules. Budget Operations Section provides Local Support for technical assistance, training and consultation to county social services departments in budget and fiscal matters. This Section provides budget planning and projection of financial status of the division as requested by the Department of Health and Human Services (DHHS), Fiscal Research, Office of State Budget and Management, etc.

### **Child Welfare Services**

The responsibilities of the Child Welfare Services Section include the administration of Child Protective Services, Foster Care, and Adoption programming. The Child Welfare Section also administers preventive services such as the Children's Trust Fund, Community Based Child Abuse Prevention (CBCAP) fund, Title IV-B part 2 funds for Family Support, Family Preservation, Family Reunification and Post Adoption Support Services, and Family Violence Prevention Services Act (FVPSA). Child Welfare Services organizational teams are: Adoption Services, Policy, Interstate Compact on the Placement of Children, Local Support Operations, Staff Development, Licensing and Regulatory Services, and Community Based Programs. These teams include issuing and interpreting federal laws and state laws, regulations, policies, standards and procedures; providing consultation and technical assistance to local agencies and their community partners; conducting local program reviews; implementing and managing program improvements where needed; distributing and maximizing federal and state funding for local programs; program planning, data analysis and evaluation, licensing of foster homes and residential facilities; assessing and approval of interstate and inter-county placement of children; the development of training curricula and the provision of training, and clearly articulating the mission and the vision of the Department of Health and Human Services as communicated through the DHHS Excels program.

### **Child Support Enforcement**

The Child Support Services Section is responsible for the delivery of child support services to the citizens of North Carolina who are in need of these services. This is accomplished through the proper utilization of state and federal statutes and efficient resource management. The section supervises the administration of the program in all 100 counties in North Carolina. The Child Support Program in North Carolina promotes a strengths-based, family-centered practice approach.

The Child Support Program provides services to both the custodial and non-custodial parents with assistance in obtaining financial support and medical insurance coverage for their children. Services include locating parents, establishing paternity, establishing support orders, and collecting and distributing child support payments.

### **Performance Management/Reporting & Evaluation Management**

The Performance Management/Reporting & Evaluation Management Section has primary responsibility for managing the various sources of data within the Division, conducting various planning activities that affect all the Division programs, providing information for evaluation of the Division's programs, providing user support for the Division's information systems and for supporting the Division's monitoring and quality assurance efforts. The Section provides expertise to the program areas on use of internal and external sources for data collection and analysis activities. This includes serving as the contact for the Department's information systems support and for the various contractors working with the Division on data management, evaluation or planning activities. This Section produces the reports required by various levels of government, compiles and submits required state plans to the federal government and responds to various public and private requests for information about the Division's services for research and other purposes. The Section assumes an active role in developing plans that address program compliance, information security and quality of services at various levels of government.

### **Economic and Family Services**

Economic and Family Services is responsible for the Food and Nutrition Services Program a federally funded, state administered entitlement program that provides assistance to low-income individuals and families through electronic benefits. The program is mandated by the Food and Nutrition Act of 2008 and is governed through the code of federal regulations as well as various other policy directives. This Section is responsible for the Low Income Energy Assistance Program, the Crisis Intervention Program, the Office of Economic Opportunity and several small corporate giving programs for energy assistance. The Economic and Family Services administers the Refugee Assistance Program funded by federal grants through the Office of Refugee Resettlement for the purpose of enabling refugees to North Carolina to become self-sufficient. This sections is also responsible for North Carolina 's Temporary Assistance for Needy Families (TANF) program, called Work First. Work First is based on the premise that parents have a responsibility to support themselves and their children. Through Work First, parents can get short-term training and other services to help them become employed and self-sufficient, but the responsibility is theirs, and most families have two years to move off Work First Family Assistance.

Updates:

- 9-1-13 I. Introduction: A.2.a.1. Title XIII – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) – added SNAP Farmer’s Market.
  
- 10-1-13 II. Fiscal Practices – added NC Fast information and cost methodology for the County DSS offices time reporting calculations.