



North Carolina Department of Health and Human Services
Division of Social Services

Child Support Services

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Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Sherry S. Bradsher, Director

February 24, 2012

DEAR COUNTY DIRECTOR OF SOCIAL SERVICES

DEAR COUNTY CHILD SUPPORT MANAGERS, SUPERVISORS

**SUBJECT: DATA RELIABILITY AUDIT RESULTS AND RESULTING
INCENTIVE PAYMENT/SETTLEMENT FFY 2010**

As noted in the DCDL dated December 28, 2011 - North Carolina did not meet the 95 percent data reliability standard for the performance measure *Children in IVD Cases Open During or at the End of the Fiscal Year with Paternity Established or Acknowledged* in the federal fiscal year (FFY 2010) Data Reliability Audit. This data served as the base for calculating performance indicators which in turn impacted our incentive funding.

As in previous years, OCSE issued a Notice of Grant Award for the federal fiscal year which provides an adjusted incentive award based on the incentives earned by the State minus the sum of estimated incentives advanced. For federal fiscal year (FFY) 2010, North Carolina's award was a negative \$2,530,559. Typically this would result in a positive award, which in turn would lead to a disbursement sent to counties via a settlement payment for the federal fiscal year.

As a result of the DRA and the negative grant award, the State determined incentive payments were made to counties in excess of \$1.5 million for federal fiscal year (FFY) 2010 which would need to be recouped. We consulted with county leadership committees and agreed that rather than requiring counties to send a check to issue payments to the State, incentive payments would be withheld beginning in the month of

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February and completed as quickly as possible. As soon as the \$1.5 million is recovered, incentive payments will begin again.

In addition to the recoupment for 2010, the incentive payment process is being reviewed – the purpose of which will be to ensure that funding is appropriately disbursed based on audited performance. We are looking at different payment schedules to determine the frequency that future payments will be distributed.

With the audit for federal fiscal year (FFY) 2011 just beginning, we are working towards preventing this type of negative impact on all from occurring but at the same time, trying to provide to counties a funding source that is reliable. We appreciate all the work that you are doing and again stress the importance of maintaining reliable data and records.

Sincerely,



Daisie B. Blue, Chief

CSE-01-2012

Cc: Sherry Bradsher
Jack Rogers
Judy McArn

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