

**Subsidized Child Care Assistance Program Policy Manual**  
Chapter 3. Roles and Responsibilities

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# Subsidized Child Care Assistance Program Policy Manual

## Chapter 3. Roles and Responsibilities

### I. CHAPTER OVERVIEW

North Carolina (NC) has a state-supervised, county-administered Subsidized Child Care Assistance (SCCA) Program. Various state agencies and the county Department of Social Services (DSS) or other Local Purchasing Agencies (LPAs) share responsibility for the program. This chapter describes how these agencies play a role in providing child care assistance for children in North Carolina.

### II. ROLE OF THE NORTH CAROLINA GENERAL ASSEMBLY

The legislative branch of government, composed of the NC Senate and the NC House of Representatives, determines the state laws that govern the SCCA Program and licensing of child care facilities. Much of the legislative work of the NC General Assembly is done in committees composed of members of both chambers. There are several committees in each chamber that work on issues relating to children. The [NC General Assembly](#) is responsible for the following actions regarding the SCCA Program:

- Establishing the standards for child care arrangements interested in participating in the SCCA Program.
- Appropriating state and federal funds for subsidized child care.
- Determining the formula to allocate non-categorical state and federal child care funds to the 100 counties.
- Establishing the payment rates for subsidized child care.
- Establishing the income eligibility limits and fee schedule for subsidized child care.
- Approving the state fiscal year budget for the SCCA Program.

### III. ROLE OF THE NORTH CAROLINA CHILD CARE COMMISSION

Although not directly involved in administering the SCCA Program, the [Child Care Commission](#) is responsible for the child care rules which affect providers participating in the SCCA Program. The Child Care Commission is responsible for developing rules to implement the child

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care laws set forth by the NC General Assembly. Rules are established by the Commission for the operation of child care facilities, including procedures for application, approval, renewal, and the revocation of licenses. Rules for administrative actions taken against child care facilities, such as written warnings or special provisional licenses, are also established by the Child Care Commission. The Commission also develops standards for the Star Rated License.

### **IV. ROLE OF THE NORTH CAROLINA SOCIAL SERVICES COMMISSION**

The [Social Services Commission](#) is responsible for adopting rules that pertain to the Subsidized Child Care Assistance (SCCA) Program. Rules concerning the approval of child care programs that participate in the subsidy program, recipient eligibility and parental fees, and rates paid to child care providers participating in the SCCA Program can also be established by the Social Services Commission unless stipulated in law or the annual appropriations act.

### **V. ROLE OF THE NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES**

The [Department of Health and Human Services](#) (DHHS) is the parent agency of the Division of Child Development and Early Education (DCDEE). The Secretary of Health and Human Services has the authority to establish, define, and identify all services to be funded with subsidized child care funds. The Secretary may establish priorities for the reallocation of funds as well as adopt rules regarding contracting procedures.

### **VI. ROLE OF THE DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION**

The [Division of Child Development and Early Education](#) was formed within the Department of Health and Human Services to regulate early childhood services for all children in North Carolina and to oversee the SCCA Program and the North Carolina Pre-Kindergarten (NC Pre-K) Program. DCDEE issues policy for the provision of child care services,

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prepares required reports related to the expenditure of state and federal funds and monitors for program and fiscal compliance.

DCDEE also develops, implements, and coordinates initiatives that address improving the quality and increasing the availability of child care and enhancing the lives of families in North Carolina. These initiatives include programs that offer Child care Resource and Referrals, school-age child care assistance, and the inclusion of children with special needs. In addition, DCDEE staff collaborates with the North Carolina Partnership for Children (NCPC) in the administration and implementation of the Smart Start Program. Refer to Chapter 2 for more information on the role of Smart Start. Sections in DCDEE that impact the SCCA Program are listed below.

### **A. SUBSIDY SERVICES SECTION - (919) 814-6380**

The Subsidy Services Section administers the allocation and reallocation of child care subsidy funds through funding authorizations. Staff are responsible for developing, implementing, and interpreting policy for the SCCA Program. Policy is made available to county Departments of Social Services and other LPAs through this manual, policy change notices, administrative letters, and Dear County Director Letters.

#### **Program Policy and Training**

##### **1. Policy Unit**

The Policy Unit consists of consultants who are responsible for researching, analyzing, and writing policies and procedures for services related to the SCCA Program. Staff interpret, develop, and write policies with consistency according to legislation and federal regulations. Policy Consultants also provide policy interpretations and guidance to families, child care providers, and staff from DCDEE, DSS/LPA and other agencies.

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### **2. Subsidy Services Technical Assistance (TA) Unit**

The Subsidy Services Technical Assistance (TA) Unit has responsibility for ensuring that the Subsidized Child Care Assistance Program is developed and operated in accordance with Federal and State laws, rules adopted by the Social Services Commission, and policies and procedures of the Division of Child Development and Early Education. The unit consists of TA Consultants that provide technical assistance and training to DSS/LPA's regarding regulations and policies for the SCCA Program. This includes:

- i. Direction and consultation to assist County Departments of Social Services and other Local Purchasing Agencies to plan, organize, budget and staff for the child care subsidy program and other child development initiatives.
- ii. Identification of LPA training needs and planning, arranging, and/or conducting training; and to provide policy monitoring to verify local purchasing agency compliance with applicable policies and procedures.
- iii. The consultant will also be responsible for providing support related to the NC FAST case management system.

### **Program Monitoring**

3. The Program Compliance Unit is responsible for:  
Monitoring all Local Purchasing Agencies (LPA) that expend federal and state funds for Subsidized Child Assistance Program. Program monitoring ensures that the funds are used in accordance with state and federal laws, rules, policies, and procedures. Program Compliance Consultants complete monitoring by:

- Reviewing a sample of records for accuracy.
- Determining a compliance score.
- Providing a report detailing the findings.
- Following up on errors found in monitoring.
- Recouping overpayments.
- Identifying LPA training needs.
- Participating in the Federal Error Rate Review.

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### Provider Monitoring

4. The Provider Compliance Unit is responsible for:  
Monitoring child care providers that receive federal and state funds for services provided to families under the Subsidized Child Care Assistance program to ensure compliance that the funds are paid in accordance with federal and state laws, rules, policies, and procedures. The Provider Compliance Consultants complete monitoring by:
  - Evaluating attendance billing
  - Determining a compliance score
  - Providing a report with the findings
  - Issuing Corrective Action Plans
  - Identifying training needs
  - Providing technical assistance
  - Determining overpayments
  - Following up on Regulatory Services Section Administrative Actions

Additionally, Provider Compliance Consultants monitor Program Integrity (PI). The Program Integrity Unit is responsible for performing activities to assist LPAs with identifying fraudulent misrepresentation by:

- Monitoring LPA program integrity activities
  - Consulting with LPAs
  - Providing technical assistance to LPAs
  - Collaborating with internal and external partners.
5. Data Management  
The Data Management Unit is responsible for performing support functions for the activities of the Program Compliance including PI, and the Provider Compliance units, by:
    - Assisting out-of-state providers
    - Updating Information for Certified Developmental Day Centers
    - Creating monitoring samples
    - Making attendance corrections

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- Activating Overpayments
- Entering deductions
- Collaborating with internal and external partners

### **B. REGULATORY SERVICES SECTION - (919) 814-6400**

The Regulatory Services Section licenses, monitors and provides technical assistance to child care programs in accordance with laws and rules established by the North Carolina General Assembly, the Child Care Commission.

Other responsibilities of the Regulatory Services Section are to:

- Provide technical assistance and training to child care facilities.
- Investigate complaints regarding child care arrangements, including those alleging child maltreatment.
- Ensure all local and state fire, building, and sanitation inspections are met before a facility receives a license.
- Monitor all regulated child care arrangements for compliance with licensing requirements.
- Monitor any requests for changes in ownership for facilities.
- Implement In-Service Training rules for child care across the state.

The Regulatory Services Section also administers a website that displays statewide data on all regulated child care arrangements, which is used by parents seeking child care services and providers and professional agencies who need information on the availability and accessibility of child care. Refer to <http://ncchildcaresearch.dhhs.state.nc.us/search.asp> for more information.

#### **1. Criminal Background Check Unit – (919) 814-6401**

Process and report criminal records check information on child care providers. Refer to Chapter 16: Approval and Enrollment Procedures

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for Licensed Facilities for more information on criminal records checks.

### **C. Administration Section - (919) 814-6305**

Staff in the Administration Section work with Subsidy Services Section staff to determine child care allocations and the process for reversions and reallocations. The role of the Administration Section is to:

1. Prepare and manage the budget for the SCCA Program.
2. Track expenditures for state and federal funding using NC FAST.
3. Report data pertaining to subsidized child care as required by federal funding regulations.

### **D. Early Educator Support (EES) Unit - (919) 814-6370**

The Early Educator Support (EES) Unit provides licensure support and guidance for early childhood educators in nonpublic school programs to obtain an NC Continuing BK License to maintain employment in NC Pre-K classrooms. Through joint efforts of the EES Unit with the NC Pre-K Program, EES offices at East Carolina University and the University of North Carolina at Charlotte, NC Department of Public Instruction's Licensure Division, and Workforce Education Unit, early childhood educators are prepared to provide a nurturing and educational environment for the success of at-risk children in the 21st century.

### **E. Workforce Education Unit – (919) 814-6350**

The Workforce Education Unit supports statutory and administrative procedures requirements for the child care workforce in North Carolina. The role of the Workforce Education Unit is to: Issue credentials and determine equivalency status for teaching and administrative staff in all regulated child care facilities. Develop and implement statewide educational strategies for the child care workforce.



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1. Coordinate effective communication in response to requests to the Division website (<https://ncchildcare.ncdhhs.gov/>).
2. Develop and implement statewide strategies to promote workforce development that supports the Star Rated License and higher quality of child care.

### **VII. ROLE OF THE COUNTY DEPARTMENT OF SOCIAL SERVICES**

State statute designates the County Department of Social Services (DSS) as the Local Purchasing Agency to administer the SCCA Program. DSS may choose to delegate this responsibility to another agency through a contractual agreement. The agency that administers the SCCA Program at the county level is referred to as the DSS/LPA in this manual. If the county DSS administers the SCCA program, the agency is referred to as the DSS.

If the county DSS contracts with private nonprofit/for profit agencies such as the local child care resource and referral agency, then that agency is the LPA. In such cases, the contracting agency assumes the same responsibilities that the DSS has in administering the SCCA Program which are described as follows:

#### **A. Service Provision includes:**

1. Providing families with information about available child care resources and the five-star licensing system. Refer to the DCDEE website for more information <https://ncchildcare.ncdhhs.gov/>.
2. Helping families understand their child care needs and options.
3. Determining the eligibility of the family.  
Refer to Chapter 7 Family Definition and Determining Income Eligibility
4. Promoting the selection of child care assistance based on parental choice.
5. Maintaining contact with the recipient and the child care provider to ensure that the family is receiving the

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appropriate service(s) and to remain aware of family issues that may need to be addressed.

6. Managing vouchers for eligible recipients and providers.
7. Managing providers in the subsidy program through NC FAST.
8. DCDEE recommends making visits to child care providers receiving subsidy funds. However, this is not required.
9. Investigating all instances of overpayments, fraudulent misrepresentation, and sanctions.

Refer to Chapter 19 Fraudulent Misrepresentation, Improper Payments, Sanctions, and Appeals

### B. Administrative Accountability of the DSS

DSS/LPA Must follow and implement all SCCA Policies.

Responsibilities include:

1. Ensuring accurate payment to the child care providers for services delivered to eligible families. This includes entering corrections into NC FAST for all improper payments, managing all over and underpayments.
2. Maintaining records is based on guidance issued from The North Carolina Department of Health and Human Services (N.C. DHHS) Controller's Office. The N.C. DHHS Records Retention and Disposition [Schedule](#) for Grants provides the guidance of when earliest date that records for the funding source may be destroyed or until all state and federal audits are completed. The Division will issue a Dear County Director letter informing counties of when to purge records.

The DSS/LPAs must implement safeguards for all records whether paperless or electronic files to protect the integrity of the scanned documents. Both sides of the documents must be scanned and stored so that records are free from contamination and deterioration. The electronic files must contain the same information and signatures that paper files include. Refer to Chapter 7 Family Definition and Determining Income Eligibility for information regarding signatures signed electronically. Any updates or revisions to child care and

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provider records must also be scanned, stored properly, and produced when requested.

1. Providing records for review upon request by local, state or federal agencies at the time of a monitoring visit or whenever requested until all audits are complete.
2. Reporting all instances of fraudulent misrepresentation to DCDEE.
3. Notifying DCDEE Program Compliance Unit of any local investigations initiated for suspected fraudulent misrepresentation or misuse of funds.
4. Submitting local policies to the Division annually for approval.

Some county governments operate their own child care facilities. Also, some county governments contract with other agencies that operate their own facilities. The county must separate the management of the SCCA Program from the child care facility. Both the county and contracting agencies must develop and implement a board approved conflict of interest policy that assures recipients are offered the freedom to choose from a variety of child care options. The Child Care Provider Agreement (DCDEE-0452) is generated through NC FAST and electronically signed by the designated authority is electronically maintained in the NC FAST Provider Portal.

### **VIII. ROLE OF THE LOCAL PURCHASING AGENCY**

Some county departments of social services contract with other agencies to administer their SCCA Program and earmark their state allocation of subsidized child care funds to a specific agency or organization. In counties served by these agencies, the county LPA has two options for coordinating funding resources with the contracting agency or organizations:

1. Retain all its allocation and purchase or provide child care assistance.

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2. Contract all its allocation to a contractor who will purchase and/or provide child care assistance for eligible children in the county.

The option chosen by the county department of social services must be included in the contract with the contractor administering the SCCA Program. Agencies or organizations selected to administer the SCCA Program by the county DSS/LPA must submit contract development information to the DSS/LPA. Also, the county DSS/LPA must include in this contract its expectations of the contractor such as maintaining staff to support the SCCA Program and case management in NC FAST.

Funding amounts for child care assistance support and/or direct services, if applicable, may vary during the contract period. Contract amendments that reflect changes in funding amounts will be forwarded by DCDEE to the contracting agency as they occur. Spending levels must be adjusted by the contractor accordingly.

The contracting agency that administers the SCCA Program is responsible for the same record requirements as stated in #2 under Administrative Accountability of the DSS.

DSS/LPAs must implement safeguards for all records whether paperless or electronic files to protect the integrity of the scanned documents. Both sides of the documents must be scanned and stored so that records are free from contamination and deterioration. The electronic files must contain the same information and signatures that paper files include. Any updates or revisions to child care and provider records must also be scanned, stored properly, and produced when requested.

The Local Records Management Unit in the Department of Cultural Resources can provide information regarding the requirements and guidelines related to imaging (scanning) paper documents. The contact number is 919-807-7370.

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### **IX. ROLE OF THE DIVISION OF CHILD AND FAMILY WELL-BEING**

The Division of Child and Family Well-Being works to promote healthy and thriving children in safe, stable, and nurturing families, schools, and communities. The Division includes complementary programs that primarily serve children and youth to improve their health and well-being. The programs include Food and Nutrition Services, Community Nutrition Services, Whole Child Health, and Early Intervention.

Food and Nutrition Services is a federal food assistance program that provides low-income families the food they need for a nutritionally adequate diet. All households must meet an income test, currently at or below 200% of federal poverty level, to receive benefits. Most families who receive benefits through the Food and Nutrition Services Program automatically are deemed income eligible for subsidized child care assistance. Child care staff in local Departments of Social Services and other local purchasing agencies access family demographics and income information from NC FAST.

The Division's Community Nutrition Services section works to reduce food insecurity for North Carolina's families and children. The section includes the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the Child and Adult Care Food Program (CACFP).

The Division of Child and Family Well-Being's Whole Child Health Section addresses physical and behavioral health needs from birth and through the course of childhood. The programs in this section are dedicated to helping North Carolina's children grow and thrive.

The North Carolina Early Intervention Section is the lead agency for the NC Infant-Toddler Program (ITP). The ITP provides support and services for families and their children, from birth to age three, who have special needs. Research shows that this time period is critical. It offers a window of opportunity to make a positive difference in how a child develops and learns. Sixteen Children's Developmental Services Agencies (CDSAs) across North Carolina work with local service providers to help families help their children succeed.

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### **X. ROLE OF LOCAL CHILD CARE RESOURCE AND REFERRAL AGENCIES**

There are fourteen regional Child care Resource and Referral Agencies (CCR&R) across the state that serve all 100 counties. The primary goal of resource and referral agencies is to help recipients find child care services. Child care Resource and Referral Agencies may:

1. Broaden community awareness about the child care needs and services in their area.
2. Offer training for recipients and providers.
3. Work with corporations to help their employees find child care assistance.
4. Subcontract with the county DSS/LPA to administer the SCCA Program and/or the local Smart Start Partnership.

**NOTE:** The contact information for CCR&R agencies in each county is on DCDEE's website at <https://ncchildcare.ncdhhs.gov/>.

### **XI. ROLE OF THE NORTH CAROLINA PARTNERSHIP FOR CHILDREN**

Smart Start is a public/private initiative that provides state funding for preschool age children in all the state's 100 counties. Smart Start funds are administered at the local level through local nonprofit organizations called local partnerships. The [North Carolina Partnership for Children \(NCPC\)](#) is the statewide nonprofit organization that provides oversight and technical assistance for local partnerships. Services at the local level vary depending on local needs and available funding.

### **XII. RESPONSIBILITIES**

#### **A. Responsibilities of DCDEE**

DCDEE may take any of the actions previously mentioned when violation of any section of the statutes or rules has been willful, continual, or hazardous to children. In addition, DCDEE may take any of the actions noted if the facility has not

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made reasonable efforts to comply, or is unable to comply, with the required standards.

In situations where there is an Order Requiring Summary Suspension of License, the facility must immediately surrender the license on the date of the Order. On this date subsidy payments will stop, and subsidy services will terminate for children who are enrolled.

When any of the other actions listed are taken, DCDEE will email a Notice of Administrative Action, which is marked “proposed action”, to the facility operator informing him or her of the intended action. A cover letter will be attached, which states: “The Department of Health and Human Services is preparing to take administrative action.” A copy of the letter and action will also be sent to the child care coordinator of the LPA as an advance warning for the LPA that an action may occur.

The LPA will not act on this “proposed” action. If the action is to proceed, DCDEE will then hand deliver to the facility another Notice of Administrative Action with a cover letter that states, “this action is taken.” A copy will also be emailed to the child care coordinator of the LPA. When the LPA receives its copy, they should proceed by notifying the operator of the facility and parents that subsidy will be suspended within 45 calendar days from the date the action was delivered. During these 45 calendar days, NC FAST shall not enroll any new children receiving subsidies. In other situations where the LPA receives authorization to discontinue Subsidized Child Care payments, this authorization is given directly to the LPA. The LPA notifies the operator of the facility concerning the determination.

**NOTE:** The Approval Notice will be terminated for all the actions stated above when the Rate Setting Unit receives notification.

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### **B. Responsibilities of the Local Purchasing Agency**

When the LPA receives from DCDEE the copy of the Order Requiring Summary Suspension of License, the LPA must take the following action immediately:

- i. Notify the parents of the children enrolled at the facility via telephone and in writing that the subsidy payment for care at the facility will cease on that date and the reason why.
- ii. Complete a Child Care Action Notice terminating care at the current facility and provide the parents with other options for care.
- iii. Complete a Child Care Voucher authorizing care at a new facility of the parent, guardian, or responsible adult's choice.
- iv. Notify the facility in writing that the provider agreement is terminated on that date, the reason why payment is terminated, and that payment will not be made for care provided to children remaining in the facility after that date.

### **XIII. INTERAGENCY COOPERATION**

Since there are many different agencies and service providers involved in providing a multitude of services to children receiving child care assistance, it is critical that these agencies, both at the state and local level, communicate to ensure consistency, maximize use of funds, and prevent duplication of services whenever possible. Agencies in local communities such as the county DSS/LPA, Smart Start local partnerships, child care resource and referral agencies, community colleges, local education agencies and faith-based organizations are encouraged to develop a method of sharing information about available resources to assist families who need subsidy assistance.

In instances where it is helpful to share information about individual families to assist them in obtaining funding or services, a signed release of information form is needed to document the recipient's consent. In instances where information is requested by an agency that provides the funding for the services, such as DCDEE provides funding to a county



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DSS/LPA or the local partnership provides funding to the county  
DSS/LPA, a signed consent form is not needed to provide reports or  
information to ensure fiscal accountability.

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For additional information on policy described in this chapter, please refer to:

### **SCCA Manual:**

Chapter 7: Family Definition and Determining Income Eligibility

Chapter 16: Payment Policies

Chapter 19: Fraudulent Misrepresentation, Improper Payments, Sanctions,  
and Appeals

### **SCCA Child Care Rules:**

[10A NCAC 10 .0308](#) Fraudulent Misrepresentation

[10A NCAC 10 .0310](#) Requirements for the Administration of the Subsidized  
Child Care Assistance Program

[10A NCAC 10 .0203](#) Payment rates for subsidized child care

[10A NCAC 10 .1001](#) Basic Eligibility Criteria

[10A NCAC 10 .1002](#) Income Eligibility Status

[10A NCAC 10 .1007](#) Requirements for Determination and  
Redetermination of Eligibility

### **NC FAST Job Aids:**

SCCA - Add Child to Waiting List

SCCA - Manage Overpayment & Underpayments

SCCA - Prioritizing the Waiting List

SCCA - Provider Sanctions Fraudulent Misrepresentation

SCCA -Waiting List Configuration