



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Administration on Children, Youth and Families
1250 Maryland Avenue, S.W.
Washington, D.C. 20024

CERTIFIED MAIL
Return Receipt Requested

NOV 29 2007

Lillian B. Koller, Esq.
Director
Department of Human Services
P.O. Box 339
Honolulu, Hawaii 96809

Dear Ms. Koller:

This is in follow-up to our July 23, 2007 report of Hawaii's title IV-E Foster Care Eligibility Review. On August 22, we received an inquiry from your staff, Ms. Dana Balansag, about the disallowance of administrative costs associated with case samples #15 and #43. Specifically, Ms. Balansag suggested that since the ineligible payments associated with both of these cases were due only to licensing issues and since we permitted States to claim administrative costs associated with unlicensed foster family homes, then we should not have disallowed the administrative costs associated with these cases. The regional office notified her by phone on August 28 that, as a result of her inquiry, we would be issuing a revised report.

We appreciate Ms. Balansag bringing to our attention the oversight we made in computing the amount of disallowance associated with case #43. We concur that since the home was conditionally licensed until February 2006 and since, prior to the Deficit Reduction Act, we permitted States to claim administrative costs associated with unlicensed foster family homes, Ms. Balansag is correct in that we should not have included the \$2,392 of administrative costs associated with this case in our disallowance.

However, with respect to case #15, because the foster family home was licensed prior to the foster family clearing the criminal record checks (March 3, 2006), the previous policy permitting States to claim administrative costs associated with unlicensed foster family homes does not apply. Therefore, the previously computed disallowance of \$3,987 in administrative costs associated with Case #15 remains.

Consequently, this letter amends the July 23, 2007 report (copy enclosed) and constitutes our final decision and formal notice of disallowance of Federal financial participation in the amount of \$4,228 for ineligible foster care maintenance payments and \$3,987 for the associated administrative costs for a total of \$8,215. Pursuant to 45 CFR Part 16, you have an opportunity to appeal this decision to the Departmental Appeals Board (DAB). This decision shall be the final decision of the Department of Health and Human Services, Administration for Children and Families (ACF), unless within 30 days of receiving this decision, you deliver or mail (using

registered or certified mail to establish the date) a written notice of appeal to the DAB, at the following address:

Department of Health and Human Services
Departmental Appeals Board, MS 6127
Appellate Division
330 Independence Avenue, SW
Cohen Building, Room G-644
Washington, DC 20201

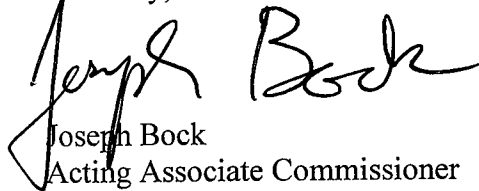
You must attach to the notice a copy of this decision, note that you intend to appeal, state the amount in dispute, and briefly state why you think this decision is wrong. A copy of your appeal should also be sent to the attention of Sally Flanzer, Child Welfare Program Manager, the Children's Bureau, in ACF's Region IX office. The Board will notify you of further procedures.

If you appeal, you may elect to repay the amount at issue, pending a decision by the DAB, or you may retain the funds pending that decision. If you retain the funds and the DAB sustains all or part of the disallowance, interest will be charged starting from the date of this letter on the funds the DAB decides were properly disallowed. Regulations at 45 CFR Part 30 explain how interest will be computed.

In the event you choose to take no action to return the funds, it will be assumed you have elected to retain the funds either to appeal or to delay recoupment of the funds until the next issued grant award. Interest will continue to accrue on the Federal funds retained by the State during this period.

If you have any questions about this decision, please call Sally Flanzer at (415) 437-8425, or Pat Pianko at (415) 437-8462. Questions about computing the disallowance amount should be directed to Steve Kawamura at (808) 483-4877.

Sincerely,



Joseph Bock
Acting Associate Commissioner
Children's Bureau

Enclosure

cc:

Gail Collins, Director, Division of Program Implementation; CB; Washington, DC
Sally Flanzer, Child Welfare Program Manager; CB, Region IX; San Francisco, CA
Amy Tsark, Child Welfare Services Branch Administrator, Hawaii DHS; Honolulu, HI

