

ARKANSAS IV-E FINAL REPORT LETTER

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

John Selig
Director
Arkansas Department of Human Services
700 Main Street
P.O. Box 1437, Slot S 201
Little Rock, Arkansas 72203-1437

Dear Mr. Selig:

The Children's Bureau (CB), Administration for Children and Families (ACF), conducted a primary review of the Arkansas Division of Children and Family Services (DCFS) title IV-E foster care program during the week of August 10, 2009. The review protocol was implemented in accordance with the Federal provisions at 45 CFR, section 1356.71 of the Code of Federal Regulations (45 CFR §1356.71). This letter transmits our report of final findings for this primary review and provides a summary of the findings.

The purposes of the primary title IV-E foster care review were: 1) to determine whether Arkansas DCFS was in compliance with the eligibility requirements as outlined in statute and regulation at section 472 of the Social Security Act and 45 CFR §1356.71; and 2) to validate the basis of the Arkansas DCFS financial claims to ensure that appropriate payments were made on behalf of eligible children. A computerized statistical sample of 80 cases was reviewed by a team comprised of Federal and State staff to determine the State's level of compliance in meeting the Federal eligibility requirements for the 6-month period under review (PUR) of October 1, 2008 through March 31, 2009.

The review team determined that 75 of the 80 cases met the eligibility requirements (i.e., were deemed non-error cases) for the PUR. Five (5) cases were found to be in error for either part or all of the PUR; an additional seven (7) non-error cases were ineligible for Federal funding for a

period for which payments were claimed. Accordingly, Federal funds claimed for title IV-E foster care maintenance payments, including related administrative costs associated with the error cases and non-error cases with ineligible payments, are being disallowed. In addition, two (2) non-error cases were identified as having periods of eligibility for which the State did not claim allowable title IV-E maintenance payments. In accordance with Federal regulations at 45 CFR § 95.7, Arkansas DCFS may claim the eligible payments by filing an increasing adjustment on its quarterly report of expenditures (form ACF-IV-E-1) in the next quarter, but no later than two years after the calendar quarter in which the State made the expenditure. Specific information about the individual case findings is detailed in the enclosed report of review findings.

This letter serves to inform you that CB has determined that the Arkansas DCFS title IV-E foster care maintenance program is not in substantial compliance with Federal child and provider eligibility requirements for the period of October 1, 2008 through March 31, 2009. Pursuant to 45 CFR §1356.71(i), Arkansas is required to develop a Program Improvement Plan (PIP) designed to address those areas needing corrective action as identified in the enclosed report. The PIP implementation period is not to exceed one (1) year. The PIP will be developed by the State, in consultation with ACF regional office (RO) staff, and must be submitted to the ACF RO within 90 calendar days from the date of this notification letter.

The PIP must include the following components:

- Specific goals or outcomes for program improvement;
- Action steps required to correct each identified weakness or deficiency;
- Date for completing each action step;
- Description of how progress will be evaluated by the State agency and reported to the ACF RO, including the frequency and format of the evaluation procedures; and
- Description of how the ACF RO will know that an action step has been completed and the associated goal or outcome achieved.

Also, pursuant to 45 CFR §1356.71(j)(2), following the completion of the PIP, a secondary review must be held during the second Adoption and Foster Care Analysis and Reporting System (AFCARS) period that immediately follows the approved completion date of the PIP. The sample for the secondary review will be 150 cases (plus at least a 10 percent oversample of 15 cases) drawn from the State's most recent AFCARS data submission following the completion of the State PIP.

This letter also constitutes our formal notice of disallowance of \$105,170 in foster care maintenance payments and \$73,164 in related administrative costs in Federal financial participation (FFP) for title IV-E foster care claimed for the cases determined to be in error. An additional disallowance of \$1,244 in maintenance payments, and \$1,912 in related administrative costs were assessed in FFP for title IV-E foster care payments claimed improperly for the cases

determined to be non-error cases. These additional findings were not considered in the determination of the State's substantial compliance with the Federal requirements. The total amount of title IV-E funds disallowed is \$181,490.

The sample of 80 cases was drawn from the universe of the title IV-E payments for the review period noted above. The review team determined that five (5) error cases and seven (7) non-error cases were ineligible for Federal funding.

Since the amount of disallowed funds was previously included in Federal payments made to the State, Arkansas must repay these funds by including a prior period decreasing adjustment on the quarterly report of expenditures (form ACF-IV-E-1), Part 1, Line 1, Columns (c) and (d). Form ACF-IV-E-1 must be submitted within 30 days of the date of this letter in order to avoid the assessment of interest. The State must cease claiming title IV-E payments associated with the improperly paid cases until eligibility is substantiated for them.

This is the final decision of the Children's Bureau. If you disagree with the decision about the review findings, Federal regulations at 45 CFR Part 16 permit you to appeal this decision directly to the Departmental Appeals Board (the Board). Your written request to appeal must be sent within 30 calendar days of receiving this notice of findings and payment disallowance. The use of registered or certified mail, return receipt requested, is recommended to establish the mailing date of all correspondence. The letter to appeal this decision should be sent to:

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 a copy of this decision to the appeal notice and the notice must state the amount in dispute and the reason you think this decision is wrong. A copy of your appeal also should be sent to June Lloyd, Child Welfare Regional Program Manager in Region VI. The Board will notify you of further procedures.

If Arkansas appeals, the State may elect to repay the amount at issue pending a decision by the Board, or retain the funds pending that decision. An adjustment to return the disallowed funds for the purposes of avoiding interest assessment must be made through the use of form ACF-IV-E-1, as described above. If Arkansas retains the funds, and the Board sustains all or part of the disallowance, starting from the date of this letter, interest at the current rate of 11.25 percent will be charged on the funds the Board decides were properly disallowed. Regulations at 45 CFR Part 30 detail how interest will be computed.

In the event Arkansas chooses to take no action to return the funds, it will be assumed the State has 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.

My staff looks forward to working with your agency to continue to improve State implementation of the Federal requirements and to improve services to children and families. Please contact June Lloyd, Child Welfare Regional Program Manager, at (214) 767-8466 or by e-mail at june.lloyd@acf.hhs.gov, if you have any questions about this review. Questions concerning the disallowance should be directed to Janice Caldwell at (214) 767-2965 or by e-mail at janice.caldwell@acf.hhs.gov.

Sincerely,

Joseph J. Bock
Acting Associate Commissioner
Children's Bureau

Enclosure

cc: Janie Huddleston, Deputy Director; DHS; Little Rock, AR
Cecile Blucker, Director; DCFS; Little Rock, AR
Gail Collins, Director; CB, Division of Program Implementation; Washington, DC
Terry Watt, Director; CB, Division of State Systems; Washington, DC
Jennifer Butler-Hembree, Program Specialist; CB, Division of Program Implementation;
Washington, DC
Allison Palmer, Program Specialist; CB, Policy Division; Washington, DC
June Lloyd, Child Welfare Regional Program Manager; CB, Region VI; Dallas, TX
Kendall Darling, Children and Families Program Specialist; CB, Region VI; Dallas, TX
Janice Caldwell, Team Leader; Grants Management Unit, Region VI; Dallas, TX