

**State of Arkansas
Secondary Review
Title IV-E Foster Care Eligibility**

**Report of Findings for
October 1, 2011 through March 31, 2012**

Introduction

During the week of October 29, 2012 the Children's Bureau (CB) of the Administration for Children and Families (ACF) conducted a secondary review of the State's title IV-E foster care program. The review was conducted in collaboration with the State of Arkansas Division of Children and Family Services (DCFS) and was completed by a review team comprised of representatives from DCFS, CB Central (CO) and Regional Offices (RO), cross-State peer reviewers, and ACF Regional Grants Management Office. The review was conducted at a DCFS office located in Little Rock, Arkansas.

The purposes of the title IV-E foster care eligibility review were: 1) to determine whether Arkansas DCFS title IV-E foster care program was in compliance with the eligibility requirements as outlined in 45 CFR §1356.71 and §472 of the Social Security Act (the Act); and 2) to validate the basis of the State's financial claims to ensure that appropriate payments were made on behalf of eligible children.

This secondary review was conducted as a result of the findings of the primary review completed during the week of August 10, 2009. At that time, Arkansas DCFS was determined not to be in substantial compliance with the title IV-E eligibility requirements for the period under review (PUR) of October 1, 2008 through March 31, 2009. As required, Arkansas DCFS submitted a Program Improvement Plan (PIP) to correct the areas found to be deficient in its title IV-E foster care program. The PIP, approved by the RO with an effective start date, September 1, 2010, was jointly developed by the State and CB RO staff. The State provided periodic reports of progress and final implementation of the planned improvements. The PIP goals and activities included, but were not limited to, the following:

- Provide a consistent, reliable and accurate payment history that is able to track all foster care maintenance and administrative payments made on behalf of each child in its care;
- Ensure that the court orders are child-specific and explicit;
- Replace the Medicaid eligibility form with an eligibility worksheet specifically designed for the title IV-E Program targeting initial eligibility determinations;
- Prior to the beginning of the Adoption and Foster Care Analysis and Reporting System (AFCARS) period, which will serve as the universe of cases for the next title IV-E review, review all initial eligibility determinations that were made for title IV-E children who entered foster care during calendar year 2006 and prior;
- Implement a quality assurance system to ensure that documentation of compliance with safety requirements for DCFS foster homes is available to support the State's claim for title IV-E foster care maintenance payments; and

- Review payment systems to determine whether adequate financial controls and edits are in place and properly functioning to prevent payments for ineligible children or unallowable program costs.

Scope of the Review

The secondary review encompassed a sample of the State's foster care cases that received a title IV-E maintenance payment during the six-month PUR from October 1, 2011 through March 31, 2012. A computerized statistical sample of 180 cases (150 cases plus 30 oversample cases) was drawn from the State's data submitted to AFCARS for the above period. One hundred and fifty (150) cases were reviewed.

In accordance with Federal provisions at 45 CFR §1356.71, the State was reviewed against the requirements of title IV-E of the Act and Federal regulations regarding:

- Judicial determinations regarding reasonable efforts and contrary to the welfare as set forth in §472(a)(2)(A) of the Act and 45 CFR §1356.21(b)(1) and (2), and (c), respectively;
- Voluntary placement agreements as set forth in §472(a)(2)(A) and (d)-(g) of the Act and 45 CFR §1356.22;
- Responsibility for placement and care vested with State agency as stipulated in §472(a)(2)(B) of the Act and 45 CFR §1356.71(d)(1)(iii);
- Eligibility for Aid to Families with Dependent Children (AFDC) under the State title IV-A plan in effect on July 16, 1996 as required by §472(a)(3) of the Act and 45 CFR §1356.71(d)(1)(v);
- Placement in a licensed foster family home or child care institution as defined in §472 (b) and (c) of the Act and 45 CFR §1355.20(a); and
- Safety requirements for the child's foster care placement as required at 45 CFR §1356.30.

Case file information for each child in the selected sample was reviewed to verify title IV-E eligibility. The foster care provider's file information also was examined to ensure the foster family home or child care institution in which the child was placed during the PUR was licensed or approved, and that safety considerations were appropriately addressed. Payments made on behalf of each child also were reviewed to verify the expenditures were properly claimed under title IV-E and to identify underpayments that were eligible for claiming. A sample case was assigned an error rating when the child was not eligible on the dates of activity during the PUR for which title IV-E maintenance payments were made. In addition, underpayments were identified for a sample case when an allowable title IV-E maintenance payment was not claimed by the State for an eligible child during the two-year filing period specified in 45 CFR §95.7, unless the title IV-E agency elected not to claim the payment or the filing period had expired.

CB and the State agreed that, subsequent to the onsite review, the State would have one week to submit additional documentation for a case that during the onsite review was identified as being in error, in an undetermined status, or having an ineligible payment. As Arkansas continued to gather information, their request for additional time was granted and, thus, the State submitted supplemental materials for a number of sample cases. The outcome of our review of those materials is reflected in the Case Record Summary section of the report.

Compliance Finding

The review team determined that 134 of the 150 cases met eligibility requirements (i.e., were deemed non-error cases) for the PUR. There were sixteen (16) cases (10.6%) determined as in error for either part or all of the review period for the reasons that are identified below in the Case Record Summary section of the report. The dollar error rate for this review was 6.13%.

Based on these review findings, CB has determined that the Arkansas DCFS title IV-E foster care program is found to be in substantial compliance with Federal eligibility requirements for the PUR. Substantial compliance with Federal title IV-E program requirements in a secondary review is achieved when the case error rate or the dollar error rate does not exceed 10 percent. The next review of Arkansas's title IV-E eligibility program will be a primary review, conducted within three years from the date of the secondary review.

Five (5) non-error cases also were determined to be ineligible for title IV-E funding for a period of claiming. Although these cases are not considered "error cases" for determining substantial compliance, the ineligible maintenance payments and associated administrative costs are subject to disallowance.

In addition, forty-two 42 cases were identified as having costs that were eligible for payment under title IV-E, which were not claimed and could potentially be recovered by the State. The State may choose to claim title IV-E funds for such costs in accordance with all applicable requirements including claims filing time limits specified at 45 CFR §95.7.

Case Record Summary

The following charts record the error cases and non-error cases with ineligible payments, cases with underpayments, reasons for the improper payments, improper payment amounts for the specified service periods and Federal provisions for which the State did not meet the compliance mandates.

Error Cases

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
AR 03	<p>IV-E maintenance claimed for foster care while the child was on a trial home visit. [§472(b) and (c) of the Act and 45 CFR §1356.71(d)(1)(iv)]</p> <p>Ineligible: Reported Disallowance Period: 11/23/2011 – 11/26/2011</p> <p>IV-E maintenance claimed for day care while the child was on a trial home visit. [§472(b) and (c) of the Act and 45 CFR §1356.71(d)(1)(iv)]</p> <p>Ineligible: Reported Disallowance Period: 11/23/2011 – 3/14/2012</p>	<p>Maintenance \$ 871</p> <p>Administrative \$ 1,729</p>

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
AR 07	<p>State was not in compliance with its policy that addresses safety considerations with respect to staff in child care institutions. [45 CFR §1356.30(f)]</p> <p>Ineligible: Reported Disallowance Period: 10/12/2011 – 11/21/2011</p>	<p>Maintenance \$ 1,515</p> <p>Administrative \$ 1,153</p>
AR 09	<p>IV-E maintenance claimed for day care while the child was placed in a provisional foster home that was not fully licensed. [§472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.71(d)(1)(iv)]</p> <p>Ineligible: Reported Disallowance Period: 11/11/2011 – 12/1/2011</p> <p>Criminal records checks were not completed on the prospective foster parents [§471(a)(20)(A) of the Act and 45 CFR §1356.30]</p> <p>Ineligible: Reported Disallowance Period: 12/02/2011 – 09/26/2012</p>	<p>Maintenance \$ 3,203</p> <p>Administrative \$ 5,764</p>
AR 27	<p>State was not in compliance with its policy that addresses safety considerations with respect to staff in child care institutions. [45 CFR §1356.30(f)]</p> <p>Ineligible: Reported Disallowance Period: 11/16/2011 – 11/18/2011</p>	<p>Maintenance \$ 50</p> <p>Administrative \$ 0</p>
AR 34	<p>State was not in compliance with its policy that addresses safety considerations with respect to staff in child care institutions. [45 CFR §1356.30(f)]</p> <p>Ineligible: Reported Disallowance Period: 8/31/2011 – 11/08/2011 and 11/14/2011 – 11-28-2011</p>	<p>Maintenance \$ 4,660</p> <p>Administrative \$ 1,710</p>
AR 69	<p>State was not in compliance with its policy that addresses safety considerations with respect to staff in child care institutions [45 CFR §1356.30(f)]</p> <p>Ineligible: Reported Disallowance Period: 12/04/2011 – 01/04/2012</p>	<p>Maintenance \$ 1,247</p> <p>Administrative \$ 576</p>
AR 93	<p>Criminal records checks were not completed on the prospective foster parents [§471(a)(20)(A) of the Act and 45 CFR §1356.30]</p> <p>Ineligible: Reported Disallowance Period: 06/11/2010 – 4-30-2012</p>	<p>Maintenance \$ 3,921</p> <p>Administrative \$ 7,305</p>

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
AR 98	IV-E maintenance claimed for day care after the child was discharged from foster care. [§472(a)(2)(B) and (C) of the Act and 45 CFR §1356.71(d)(1)(iii)] Ineligible: Reported Disallowance Period: 02/24/2012	Maintenance \$ 19 Administrative \$ 0
AR 101	State was not in compliance with its policy that addresses safety considerations with respect to staff in child care institutions. [45 CFR §1356.30(f)] Ineligible: Reported Disallowance Period: 01/03/2012 – 06/04/2012	Maintenance \$ 7,148 Administrative \$ 2,882
AR 107	IV-E maintenance claimed for day care while the child was placed in a provisional foster home that was not fully licensed. [§472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.71(d)(1)(iv)] Ineligible: Reported Disallowance Period: 06/21/11 – 01/31/12	Maintenance \$ 666 Administrative \$ 1,729
AR 118	State was not in compliance with its policy that addresses safety considerations with respect to staff in child care institutions. [45 CFR §1356.30(f)] Ineligible: Reported Disallowance Period: 06/20/2011 – 03/02/2012	Maintenance \$ 5,847 Administrative \$ 2,249
AR 120	IV-E maintenance claimed for day care while the child was placed in a provisional foster home that was not fully licensed. [§472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.71(d)(1)(iv)] Ineligible: Reported Disallowance Period: 12/05/2011 – 03/30/2012	Maintenance \$ 1,080 Administrative \$ 2,306
AR 136	IV-E maintenance claimed for day care after the child's adoption was finalized. [§472(b) and (c) of the Act and 45 CFR §1356.71(d)(1)(iii)] Ineligible: Reported Disallowance Period: 03/30/2012 – 03/30/2012	Maintenance \$ 8 Administrative \$ 0
AR 141	Criminal records checks were not completed on the prospective foster parents. [§471(a)(20)(A) of the Act and 45 CFR §1356.30] Ineligible: Reported Disallowance Period: 09/02/2011 – 11/02/2011	Maintenance \$ 260 Administrative \$ 558

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
AR 143	Criminal records checks were not completed on the prospective foster parents. [§471(a)(20)(A) of the Act and 45 CFR §1356.30] Ineligible: Reported Disallowance Period: 01/06/2010 – 09/26/2012	Maintenance \$ 10,831 Administrative \$ 16,885
AR OS-03	Criminal records checks were not completed on the prospective foster parents. [§471(a)(20)(A) of the Act and 45 CFR §1356.30] Ineligible: Reported Disallowance Period: 06/11/2010 – 4-30-2012	Maintenance \$ 30,809 Administrative \$ 13,487

Maintenance **\$ 72,135**
Administrative **\$ 58,333**
Total: **\$ 130,468**

Non-error Cases with Ineligible Payments

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
AR 8	Foster care administrative payment was made for period after the month in which the child turned 18. [§472(b) and (c) of the Act and 45 CFR §1356.71(d)(1)(iii)] Ineligible period: 11/01/2011 through 11/21/2011	Administrative \$ 318
AR 113	Title IV-E maintenance claimed for two providers for the same period. [§475(4) of the Act; 45 CFR §1356.60(a)(1)(i)] Ineligible: Reported Disallowance Period: 10/19/2011 – 10/26/2011	Maintenance \$ 397
AR 121	Foster care maintenance payment was made for period prior to the month in which the foster home was fully licensed. [§472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.71(d)(1)(iv)] Ineligible period: 05/27/2011 through 05/30/2011	Maintenance \$ 45
AR 124	Foster care maintenance payment was made for a time frame after the date that child left the placement. [§472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.71(d)(1)(iv)] Ineligible period: 06/22/2012 through 06/26/2012	Maintenance \$ 175

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
AR 128	Foster care maintenance payment made for a period before all eligibility requirements met. [§472(a)(2)(A) of the Act and 45 CFR §§1356.21(b)(1)]. Ineligible period: 11/30/2010	Maintenance \$ 12

Maintenance **\$ 629**
Administrative **\$ 318**
Total: **\$ 947**

Underpayment Cases

The State could have claimed to the beginning of the child's placement in the month in which all IV-E eligibility requirements are met. [§472(a)(2) and (3) of the Act and 45 CFR §1356.21]

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 01	Eligible Period: 12/16/2011 – 12/20/2011	Maintenance \$ 50
AR 02	Eligible Period: 01/23/2012 – 01/24/2012	Maintenance \$ 19
AR 04	Eligible Period: 12/02/2011 – 12/12/2011	Maintenance \$ 114
AR 11	Eligible Period: 08/24/2011 – 08/25/2011	Maintenance \$ 9
AR 14	Eligible Period: 01/12/2012 – 01/16/2012	Maintenance \$ 47
AR 15	Eligible Period: 11/21/2011 – 11/27/2011	Maintenance \$ 68
AR 20	Eligible Period: 02/04/2012 – 02/05/2012	Maintenance \$ 19
AR 24	Eligible Period: 09/16/2011 – 09/19/2011	Maintenance \$ 41
AR 25	Eligible Period: 01/23/2012	Maintenance \$ 10
AR 26	Eligible Period: 12/01/2011 – 12/04/2011	Maintenance \$ 71
AR 27	Eligible Period: 11/15/2011	Maintenance \$ 10
AR 28	Eligible Period: 10/11/2011	Maintenance \$ 46
AR 29	Eligible Period: 01/12/2012 – 01/17/2012	Maintenance \$ 56
AR 32	Eligible Period: 08/13/2011 – 08/16/2011	Maintenance \$ 41

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 37	Eligible Period: 10/04/2011 – 10/05/2011	Maintenance \$ 21
AR 41	Eligible Period: 11/23/2011 – 11/28/2011	Maintenance \$ 58
AR 53	Eligible Period: 09/16/2011 – 09/19/2011	Maintenance \$ 41
AR 55	Eligible Period: 03/02/2012 – 03/04/2012	Maintenance \$ 30
AR 56	Eligible Period: 12/01/2010 – 12/02/2010	Maintenance \$ 23
AR 61	Eligible Period: 08/20/2011 – 08/22/2011	Maintenance \$ 28
AR 73	Eligible Period: 11/09/2011 – 11/16/2010	Maintenance \$ 83
AR 78	Eligible Period: 07/22/2011 – 07/27/2011	Maintenance \$ 57
AR 84	Eligible Period: 02/15/2011 – 02/17/2011	Maintenance \$ 30
AR 91	Eligible Period: 11/20/2011 – 11/22/2011	Maintenance \$ 31
AR 94	Eligible Period: 02/08/2012	Maintenance \$ 10
AR 97	Eligible Period: 02/03/2012	Maintenance \$ 9
AR 106	Eligible Period: 12/20/2011	Maintenance \$ 10
AR 108	Eligible Period: 10/05/2011	Maintenance \$ 10
AR 109	Eligible Period: 03/19/2011 – 03/21/2011	Maintenance \$ 33
AR 111	Eligible Period: 09/21/2011 – 09/30/2011	Maintenance \$ 385
AR 113	Eligible Period: 11/16/2011 – 11/24/2011	Maintenance \$ 106
AR 114	Eligible Period: 12/13/2011 – 12/19/2011	Maintenance \$ 65
AR 116	Eligible Period: 12/02/2011 – 12/04/2011	Maintenance \$ 29
AR 123	Eligible Period: 02/01/2012 – 02/02/2012	Maintenance \$ 19
AR 126	Eligible Period: 12/08/2011 – 12/11/2011	Maintenance \$ 42

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 129	Eligible Period: 01/18/2012 – 01/22/2012	Maintenance \$ 50
AR 132	Eligible Period: 01/06/2012 – 01/08/2012	Maintenance \$ 28

The State could have claimed to the end of the month in which the child turns 18 if all eligibility requirements are met. [§472(a)(2) and (3) of the Act and 45 CFR §1356.21]

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 8	Eligible Period: 10/15/2011 – 10/31/2011	Maintenance \$ 507

The State could have claimed to the beginning of the month in which the foster home became fully licensed. [§472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.71(d)(1)(iv)]

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 30	Eligible Period: 10/01/2011 – 10/02/2011	Maintenance \$ 28

The State could have claimed as all title IV-E eligibility requirements are met. There was no specified reason for not claiming. [§472(a)(2) and (3) of the Act and 45 CFR §1356.21]

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 37	Eligible Period: 03/01/2012 – 03/07/2012	Maintenance \$ 75
AR 52	Eligible Period: 11/27/2011 – 01/25/2012	Maintenance \$ 561
AR 113	Eligible Period: 12/02/2011 – 12/07/2011	Maintenance \$ 71

The State could have claimed while child was on runaway as the child returned to the same provider. [§472(a)(2) and (3) of the Act and 45 CFR §1356.21]

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 113	Eligible Period: 11/25/2011 – 12/01/2011	Maintenance \$ 83

Did not claim IV-E maintenance for foster home payments as the State criminal record checks were overdue. Since the foster home was fully licensed and FBI finger print checks had been received, IV-E could have been claimed for this period. [§471(a)(20)(A) and §472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.30 and §1356.71(d)(1)(iv)]

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 144	Eligible Period: 12/27/2011 – 01/26/2012	Maintenance \$ 290

The State did not claim IV-E maintenance for clothing and personal allowance. Since the facility was fully licensed and safety check on staff had been conducted, IV-E could have been claimed for this period. [§472(b) and (c) of the Act and 45 CFR §1355.20(a) and §1356.71(d)(1)(iv)]

Sample Number	Improper Payment Reason & Eligibility Period	Improper Payments (FFP)
AR 146	Eligible Period: 09/08/2011 – 12/07/2011	Maintenance \$ 219

Total: \$ 3,633

Areas in Need of Improvement

The findings of this review indicate the State needs to further develop and implement procedures to improve program performance in the areas listed below. For each issue, there is a discussion regarding the nature of the area needing improvement, the specific title IV-E requirement to which it relates and the corrective action the State should undertake.

Issue # 1 - Safety Requirements:

On March 26, 2010 the CB issued ACYF-CB-PI-10-02 to further clarify the safety requirements for foster parents and child care institutions. There were five (5) error cases (AR 09, AR 93, AR 141, AR 143, AR OS3) in which criminal background checks were not completed on prospective foster parents prior to licensure by a contract agency. In these cases a title IV-E foster care maintenance was inappropriately claimed for the children placed in the foster homes prior to receipt of the criminal record checks. Additionally, there were six (6) error cases (AR 07, AR 27, AR 34, AR 69, AR 101, AR 118) where Arkansas was not in compliance with its policy that addresses safety considerations with respect to caregiver staff in child care institutions. The Arkansas policy requires child care facilities to obtain child abuse central registry checks and State criminal record checks (CRC) for all staff, board members, and volunteers who have direct, unsupervised contact with children. These safety checks are to be initiated within 10 days of employment for staff subject to this provision. In addition, child abuse central registry checks are required to be repeated every two years and State CRC are required to be repeated at a minimum of every five years. However, the State's documentation in the error cases showed the background checks for foster homes and facilities either were not completed prior to IV-E claims for children in placement or were not completed timely.

Title IV-E Requirement:

To ensure that a child is not placed in a foster care setting where the potential caregiver has caused or is likely to cause harm to a child, §471(a)(20) of the Act and 45 CFR §1356.30 require States to examine the potential safety risks posed to the child by a foster care provider. If, like Arkansas, the State did not opt out of the 1997 CRC provisions, the State is required to complete a criminal record check on the prospective foster parent prior to the licensure of the foster family home and it must confirm that the foster parent had not been convicted of any of the felonies listed in §471(a)(20)(A)(i) and (ii) of the Social Security Act. For a foster parent who is newly licensed on or after the State's effective date for implementing the fingerprint-based CRC requirement, the title IV-E agency must conduct a CRC that includes a fingerprint-based check of the National Crime Information Databases (NCID). The State agency must document that the foster care provider meets the established safety standards before a child is placed with the foster care provider and before title IV-E foster care maintenance payments are claimed.

For child care institutions, 45 CFR §1356.30(f) requires States to set procedures that address safety considerations with respect to the caregiving staff of the institution. The mechanism used to satisfy the safety requirement should be written into State policy, procedures or statutes, and incorporated into the licensing documentation. The safety requirement is applicable to all child care institutions operating as foster care facilities licensed on or after March 27, 2000.

Recommendations to address case errors:

The State should put in place a quality assurance system or automated edit checks in the title IV-E payment process to ensure that §471(a)(20) of the Act and 45 CFR §1356.30(f) are met for a child's foster care placement and that documentation of compliance sufficiently supports the State's claims for title IV-E foster care maintenance payment on behalf of the child in the placement.

Issue #2 – Unallowable Program Costs:

In six (6) error cases, it was found that title IV-E payments were made for items outside the definition of allowable program costs. The DCFS did seek and obtain restitution from one home when it was identified that a child had moved from a placement near the time the payment was generated. However, according to the documentation provided, an adjustment was never made to the Federal funds as a result of the restitution.

Systems were not in place to prevent title IV-E payments when children move to placements unallowable under the title IV-E maintenance payment program. For example, title IV-E maintenance was claimed for foster care and day care costs in one (1) error case (AR 03) while the child was on a trial home visit. Likewise, title IV-E maintenance was claimed for day care costs in two (2) error cases (AR 98, AR 136) after children had been discharged from foster care. Finally, title IV-E maintenance was claimed for day care costs in three (3) error cases (AR 09, AR 107, AR 120) where children were placed in provisional foster homes which were not fully licensed.

One (1) non-error case (AR 124) was also found to have ineligible payments for items outside the definition of allowable program costs as a title IV-E foster care maintenance payment was

made for a time frame after the date that child left the placement. In a final concern related to ineligible payments, one (1) non-error case (AR 113) was found to have duplicate claims for IV-E foster care maintenance payment to two different providers for the same time period for the same child. The DCFS did seek and obtain restitution from one home when it was identified that a child had moved from a placement near the time the payment was generated. However, according to the documentation provided, an adjustment was never made to the Federal funds as a result of the restitution.

The concerns related to claims for unallowable costs have been previously identified. In the title IV-E eligibility review conducted in 2009 several circumstances were noted where title IV-E was claimed inappropriately. Two cases were found to have duplicate title IV-E foster care maintenance claims for the same child on the same days. Two cases included title IV-E foster care maintenance payments to foster care providers when the child was not placed in their home. One case included title IV-E foster care maintenance payments after the child entered adoption.

Title IV-E Requirement:

Consistent with the Federal provision at 45 CFR §1356.60(a)1(i), title IV-E foster care maintenance assistance payments may be claimed only for the cost of providing certain expenditures covered within the Federal definition of foster care maintenance at §475(4) of the Act. The State must document that foster care maintenance payment claimed for title IV-E reimbursement are for allowable expenditures in accordance with the statutory definition and reflect non-duplicative costs of daily maintenance.

Recommendations to address case errors:

The Children's Reporting and Information System (CHRIS) system is the automation system which monitors the criteria for title IV-E eligibility for children in foster care and which tracks payments to foster care providers. Edits are not in place in the automated system to prevent duplicate title IV-E payments to different providers when children are moved from one placement to another. Processes must be developed and implemented to provide for timely adjustment of Federal funds when claimed in error. If the CHRIS system allows payment to two providers for the same service during the same time frame due to staff not entering placement changes into the automation system prior to the date for processing the maintenance payments, the adjustment to Federal funds should be made during that quarter. The State may continue to pursue recoupment of State funds from the provider, but adjustment of the title IV-E funds should not be delayed based on whether or not the payee has made restitution.

Legislative audits have repeatedly identified the lack of sufficient interface between the automation day care payment system and the DCFS child welfare automation system resulting in title IV-E maintenance claims for day care after children are moved from fully licensed facilities. The day care system reportedly verifies that the title IV-E eligibility criteria are met when the child initially enters day care. However, when an eligibility criterion is no longer met, edits do not prevent continued claims for IV-E day care. Processes must be developed and implemented to prevent claims for Federal funds when all eligibility criteria are not met. Additionally, the CHRIS payment history should accurately document all IV-E payments and adjustments including those made by other systems.

Underpayments

During the review of sample cases, forty-two (42) cases were identified with underpayments of title IV-E maintenance. An underpayment is considered to have occurred when a title IV-E maintenance payment or administrative cost is not made (for instance, due to administrative oversight), but may be made, for an allowable IV-E activity or period of eligibility. The primary reason identified for the underpayments was that IV-E maintenance claims start at the time of the court order containing the required determinations related to “contrary to the welfare” and “reasonable efforts to prevent removal”, and do not go back to the beginning of the month that all eligibility requirements are met. Thirty-five (35) sample cases were identified as having underpayments which met this criterion. Additional instances of underpayment may have existed, but reviewers only identified those for which all aspects of eligibility could be identified based on the information provided during the review. Underpayments identified as a result of the review may be claimed by a State by filing an increasing adjustment in the next quarter, but no later than two years after the calendar quarter in which the agency made the expenditure.

Strengths

Judicial Determinations

Timely Court Hearings

The frequency of court hearings supports consistency in having the required judicial findings related to reasonable efforts to achieve the permanency plan. Court hearings to review the reasonable efforts to finalize the placement or permanency plan for the child were often held more frequently than the six month regulatory requirement and this led to timely findings.

Improved Content of Court Orders

All of the cases in the review sample were determined to have sufficiently satisfied the eligibility requirement at §472(a)(2)(A) of the Act; and reviewers noted the quality of the court orders were improved over the title IV-E eligibility review conducted in 2009. The DCFS has improved the documentation of judicial determinations through implementation of the State’s title IV-E PIP, including improvements to court policies and practices. The cases reviewed were found to have the required judicial determinations related to the case specific circumstances of contrary to the welfare of the child to remain in the home, reasonable efforts to prevent removal, and reasonable efforts to finalize the permanency plan. These judicial findings are critical protections that must be afforded to all children and their families to assure that unnecessary removals are minimized and efforts are made to achieve permanency for children. Reviewers found a number of court orders that addressed the child-specific facts of the case, the circumstances that were responsible for the child being in care, or the agency’s efforts to achieve the child’s permanency plan. For example, some court orders referencing sibling groups individualized the specific circumstances of each child. While some of the court orders relied on a template or had a check box/fill in the blank, there were examples of judges including very case specific information which demonstrated review and understanding of case circumstances. Reviewers also noted that court orders were much more consistent in documenting the date of the hearing, the specific person from whom the child was removed, and parties present for the hearing than in the 2009 title IV-E eligibility review.

Eligibility Determinations

Of the 150 sample cases reviewed, all were found to have accurately assessed initial elements of title IV-E eligibility for children entering foster care. This finding demonstrates progress over the title IV-E eligibility review conducted in 2009. At that time, two cases were determined to be errors because the child did not meet the financial need and deprivation requirement for initial AFDC eligibility. Two other cases were found to be in error because the “removal from and living with” requirement was not met by the same specified relative. In response to this finding, one aspect of the Arkansas title IV-E PIP was the development of a revised form used to document title IV-E eligibility, to ensure all aspects of title IV-E eligibility criteria were documented for the initial eligibility determination. This review demonstrated improved performance in determination of initial eligibility.

Disallowance

A payment disallowance is assessed whenever a title IV-E eligibility criterion is not met and title IV-E funds are paid, or a title IV-E payment is made for an unallowable activity or cost. The payment disallowance includes all unallowable title IV-E foster care maintenance payments and related administrative cost of the error cases and non-error cases. In the sixteen (16) error cases determined not to be eligible for title IV-E foster care maintenance payments during the Period Under Review, the State cannot receive Federal Financial Participation (FFP) under the title IV-E foster care maintenance program. Also, the State is ineligible for title IV-E foster care administrative costs related to these error cases. The amount of ineligible maintenance payments for these cases is \$72,135 in FFP. The associated unallowable administrative costs for these cases is \$58,333 in FFP. The erroneous maintenance payments and administrative costs provided in this report include all payments claimed through September 26, 2012. In addition to this amount, any costs claimed subsequent to September 26, 2012 pertaining to the ineligible periods must be refunded to ACF. The ineligible maintenance payments of \$629 and administrative costs of \$318 for the five (5) non-error cases determined to have ineligible title IV-E payments are also subject to disallowance. The total amount of title IV-E funds disallowed is \$131,415.

Next Steps

The CB RO will partner with DCFS to address the three areas listed in this report in relation to its title IV-E program to improve its overall program performance. A PIP is recommended to address these areas and other program deficiencies that may be identified during the planning and implementation of the PIP prior to the next primary review.