Enclosure A

Hawaii
Title IV-E Foster Care Eligibility - Primary Review

Report of Findings for
October 1, 2012 through March 31, 2013

Introduction
On July 22 through July 26, 2013, the Children's Bureau (CB) of the Administration for Children and Families (ACF), in collaboration with the Hawaii Department of Human Services (DHS), conducted a *primary* review of Hawaii's title IV-E foster care program. This was Hawaii's fourth *primary* review. (The *initial primary* review was conducted in April 2001. A subsequent *secondary* review was conducted in March 2004. Second and third *primary* reviews were conducted in June 2007 and June 2010, respectively.)

The review team was comprised of representatives from the State agency, the State's Court Improvement Program, the CB Region IX Office, the CB Central Office, and peer reviewers from other States (Alaska and Wisconsin). See Enclosure B for a complete list of the on-site review team members.

Purpose
The purposes of the title IV-E foster care eligibility review are (1) to determine whether the Hawaii DHS was in compliance with the eligibility requirements as outlined in Federal statute at sections 471 and 472 of the Social Security Act (the Act) and Federal regulations at 45 CFR and (2) to validate the basis of the State's financial claims to ensure appropriate payments were made on behalf of children eligible for title IV-E foster care maintenance payments.

Scope of the Review
The primary review encompassed a sample of the State's foster care cases for which a title IV-E foster care maintenance payment was made for services rendered during the six-month period under review (PUR) of October 1, 2012 through March 31,2013. A computerized statistical sample of eighty (80) cases was drawn from the Adoption and Foster Care Analysis and Reporting System (AFCARS) data transmitted by the State agency to the CB for the PUR. Although an additional twenty (20) cases were drawn as an oversample should any of the original eighty (80) cases be excluded, none of the oversample cases had to be reviewed.

In accordance with 45 CFR 1356.71, the State was reviewed against the following requirements of title IV-E of the Social Security Act (the Act) and Federal regulations:

1. Judicial determinations regarding whether
   - it is contrary for the child's welfare to remain at home pursuant to Section 472(a)(2)(A)(ii) of the Act and 45 CFR 1356.21(c);
   - the child welfare agency made reasonable efforts to prevent removal pursuant to Section 472(a)(2)(A)(ii) and 471(a)(15) of the Act and 45 CFR 1356.21(b)(1); and
   - the child welfare agency made reasonable efforts to finalize permanency pursuant to 45 CFR 1356.21(b)(2);
2. Voluntary placement agreements as set forth in Sections 472(a)(2)(A)(i) and 472(d)-(g) of the Act, 45 CFR 1356.22, and 45 CFR 1356.71(d)(ii);
3. Responsibility for placement and care vested with the State child welfare agency as stipulated in Section 472(a)(2)(B) of the Act, 45 CFR 1356.22, and 45 CFR 1356.71(d)(iii);
4. Eligibility for Aid to Families with Dependent Children (AFDC) under the State plan in effect July 16, 1996 as required by Section 472(a)(3) of the Act and 45 CFR 1356.71(d)(1)(v);
5. Placement in a licensed foster family home or child care institution as defined in Sections 472(b) and (c) of the Act, 45 CFR 1355.20(a), and 45 CFR 1356.71(d)(1)(iv); and
6. Safety requirements for the child's foster care placement as required at Section 471(a)(20)(A) of the Act and 45 CFR 1356.30.

Information in the case files of each child in the selected sample was reviewed to verify title IV-E eligibility. Information also was examined to determine whether the foster family home or child care institution where the child was placed during the PUR was fully licensed and met the safety requirements. In addition, payments made on behalf of each child were reviewed to ascertain whether the expenditures were allowable under title IV-E and to identify whether payments were appropriately claimed.

A sample case was assigned an error rating when the child was not eligible on the date of activity in the PUR for which title IV-E foster care maintenance was paid. A sample case was cited as non-error with an ineligible payment when the child was not eligible on the activity date solely outside the PUR or the child was eligible in or outside the PUR on the service date of an unallowable activity and title IV-E maintenance was paid for the unallowable activity (e.g., duplicate payments made to two approved providers for the same period of time). In addition, underpayments were identified for a sample case when an allowable title IV-E foster care maintenance payment was made but not claimed by the State on behalf of an eligible child during the two-year filing period specified in 45 CFR

§95.7, unless the title IV-E agency had elected not to claim the payment or the filing period had expired. For example, since the State chose not to claim title IV-E foster care maintenance payments for eligible children placed in child caring institutions (CCI), the lack of a payment was not cited as an underpayment. However, concerns that payments made to CCIs are being allocated to and claimed as title IV-E administrative costs instead of foster care maintenance payments are addressed later in this report.

The State was afforded two weeks following the onsite review to submit additional documentation for a case that, during the onsite review, was identified as in error or not in error but with ineligible payments. Supplemental information was submitted and, as a result, sample cases numbered 4, 9, 27, 74, and 75 changed from error to non-error cases and sample cases numbered 20 and 78 changed from error to non-error cases with ineligible payments. In addition, sample case numbered 41 changed from an error case to a non-error case with ineligible payments as a result of re-assessing the information reviewed on site.

Compliance Finding

The review team determined that seventy-four (74) of the eighty (80) cases met the title IV-E foster care eligibility requirements (i.e., deemed non-error cases) for the PUR. Thus, six (6) cases were found as in error (case samples numbered 13, 17, 18, 47, 52, and 64) for either part or all of the PUR for reasons that are identified in the body of this report. Because the number of cases in error is more than four (4), Hawaii's title IV-E foster care maintenance program is not in substantial compliance with the Federal title IV-E foster care eligibility requirements for the period October 1, 2012 through March 31, 2013.

Additionally, three (3) of the non-error cases (sample cases numbered 20, 41, and 78) had foster care maintenance payments that were claimed on behalf of children ineligible for title IV-E during a period of time limited to outside the PUR.

Accordingly, Federal funds claimed for title IV-E foster care maintenance payments, including administrative costs, associated with the error cases and non-error cases with ineligible payments are being disallowed. Administrative costs are not disallowed for a particular month where the foster care maintenance payments are ineligible for fewer than 16 days in that month. There may also be other circumstances that preclude an administrative cost disallowance for a period of time for a specific error or non-error case.

There were also two (2) non-error cases (sample cases numbered 1 and 8) identified as having periods of eligibility for which the State did not claim allowable title IV-E maintenance payments.

Case Findings Summary

The following three (3) tables identity the error cases payments; and the non-error cases for which payments could have been claimed for title IV-E FFP (underpayments). They include the reasons for the improper payments, the improper payment amounts, and the Federal statutory and regulatory provisions for which the State did not meet the compliance mandates.

Error Cases (Tables 1–4)

Table 1: Judicial Finding that it's Contrary to the Welfare (CTW) of the Child to Remain in the Home Was Not Made Timely

Total # Error Cases	Case Sample Number	Reason for Error	Social Security Act or Code of Federal Regulations	Period of Ineligibility	Improper Payment Amounts (FFP only)
1	13	Child removed from home October 4, 2011. Case heard in court on October 10 and October 20, 2011. One court order issued for both hearings. Order does not discern whether the CTW finding was made during the October 10, 2011 hearing. Subsequent recording of hearing confirms that CTW finding was not made during the October 10, 2011 hearing.	§472(a)(2)(A)(ii) of the Social Security Act 45 CFR 1356.21(c)	October 4, 2011 through March 27, 2013. (Child exited foster care on March 27; 2013. Adoption assistance payments began on March 27, 2013 date adoption finalized.)	$4,620 Maint. $25,882 Admin.
2	64	Child removed May 23, 2008. Case heard June 5, 2008 and June 12, 2008. One court order issued covering both hearings. Thus, unable to discern whether CTW finding made in June 5, 2008 hearing. Documentation (court hearing video) submitted subsequent to the on-site review confirmed that CTW finding was not made in the June 5, 2008 hearing.	§472(a)(2)(A)(ii) of the Social Security Act 45 CFR 1356.21(c)	May 23, 2008 thru January 30, 2013. (Child exited foster care to adoption on January 31, 2013.)	$2,610 Maint. $13,851 Admin.

Table 2: Judicial Finding that Child Welfare Agency Made Reasonable Efforts to Prevent Child's Removal Not Made Timely

Total # Error Cases	Case Sample Number	Reason for Error	Social Security Act or Code of Federal Regulations	Period of Ineligibility	Improper Payment Amounts (FFP only)
3	17	Child removed October 13, 2011. The judicial finding that the agency made reasonable efforts to prevent the child's removal had to have been obtained within 60 days from the date the child is removed, i.e., by no later than December 12, 2011. It was not rendered at the first hearing held October 13, 2011. There is one court order that covered the subsequent five hearings: October 17 and 27, November 10, and December 1 and 15, 2011. Thus, review team could not discern whether the reasonable-efforts-to- prevent-removal finding was made in any of the subsequent hearings prior to the December 1 hearing, the latter of which would have been three days too late. Court hearing video documentation submitted subsequent to the on-site review clarified that the reasonable-efforts-to-prevent-removal finding was not in fact made until the December 15 hearing and was thus rendered three days too late.	§472(a)(2)(A)(ii) and §471(a)(l5) of the Social Security Act 45 CFR 1356.21(b)(1)	October 13, 2011 through current. (Child has not yet exited foster care.)	$5,345 Maint. $32,438 Admin.

Table 3: Child Ineligible for Aid to Families with Dependent Children as in effect July 16, 1996

Total # Error Cases	Case Sample Number	Reason for Error	Social Security Act or Code of Federal Regulations	Period of Ineligibility	Improper Payment Amounts (FFP only)
4	52	Child had not lived with the specified relative from whom removed (i.e., the mother) within six months of the month of removal petition. Child removed February 11, 2008 and had not lived with the mother since September 2006. Child is therefore ineligible for title IV-E for the entire foster care episode.	§472(a)(1) and (3) of the Social Security Act 45 CFR 1356.21(1)	February 11, 2008 through current. (Child has not yet exited foster care.)	$12,515 Maint. $65,510 Admin.

Table 4: Provider Not Fully Licensed

Total # Error Cases	Case Sample Number	Reason for Error	Social Security Act or Code of Federal Regulations	Period of Ineligibility	Improper Payment Amounts (FFP only)
5	18	Claimed title IV-E funds for payments made to provisionally licensed provider. Unconditionally licensed foster family home became provisionally licensed beginning February 25, 2013 and didn't become unconditionally licensed again until April18, 2013. (State appropriately did not claim IV-E for payment made for March 2013.)	§472(b) and (c) of the Social Security Act 45 CFR 1355.20(a), and 45 CFR 1356.71(d)(1)(iv)	February 25, 2013 thru February 28, 2013	$153 Maint. $0 Admin. (No admin disallowed since ineligible payment is for fewer than 16 days.)
6	47	Claimed title IV-E funds for payment made to provisionally licensed provider. Unconditionally licensed foster family home became provisionally licensed beginning February 11, 2013 through August 11, 2013 (approved July 2, 2013). Child was moved to an unconditionally-licensed foster family on February 25, 2013.	§472(b) and (c) of the Social Security Act 45 CFR 1355.20(a), and 45 CFR 1356.71(d)(1)(iv)	February 11, 2013 through February 25, 2013	$143 Maint. $0 Admin. (No admin disallowed since ineligible payment is for fewer than 16 days.)

Total Maintenance, Tables 1–4:	**$25,386**
Total Administrative, Tables 1–4:	**$137,681**

Non-Error Cases with Ineligible Payments (Table 5)

Table 5: Provider Not Fully Licensed

Total # Error Cases	Case Sample Number	Improper Payment Reason	Social Security Act or Code of Federal Regulations	Period of Ineligibility	Improper Payment Amounts (FFP only)
1	20	Provider's unconditional license became provisional beginning June 24, 2010 and did not become unconditional again until July 7, 2010. Title IV-E funds were improperly claimed for the period during the month of June after the provider no longer met licensing standards.	§472(b) and (c) of the Social Security Act 45CFR 1355.20(a), and 45 CFR 1356.71(d)(1)(iv)	June 24, 2010 through June 30, 2010	$62 Maint. $0 Admin. (No admin disallowed since ineligible payment is for fewer than16 days.)
2	41	Provider's unconditional license became provisional beginning September 3, 2012 and did not become unconditional again until February 22, 2013. Title IV-E funds were improperly claimed for payments made for the month of September after the provider no longer met licensing standards.	§472(b) and (c) of the Social Security Act 45CFR 1355.20(a), and 45 CFR 1356.71(d)(1)(iv)	September 3, 2012 through September 30,2012	$249 Maint. $1,597 Admin.
3	78	Clothing payment for November 5, 2009 was claimed for title IV-E funds when the child was not title IV-E eligible because the provider with whom the child was placed was not fully licensed during November 2009. (Provider became unconditionally licensed beginning March 24, 2010.)	§472(b) and (c) of the Social Security Act 45CFR 1355.20(a), and 45 CFR 1356.71(d)(l)(iv)	November 5, 2009	$50 Maint. $0 Admin. (No admin disallowed since ineligible payment is for fewer than16 days.)
				Total Maintenance:	**$361**
				Total Administrative:	**$1,597**

Underpayment Cases (Table 6)

Table 6: Child Eligible, but Payments not Claimed for Title IV-E

Total # Error Cases	Case Sample Number	Reason for Underpayment	Social Security Act or Code of Federal Regulations	Period of Eligibility	Improper Payment Amounts (FFP only)
1	1	Child reunified on October 24, 2013. Provider paid for 24 days in October but only 23 days were claimed for IV-E; the payment made for October 24, 2013 could also be claimed for title IV-E funds since the child was title IV-E eligible.	§§472(b) and (c) of the Social Security Act 45 CFR 1355.20(a) 45CFR 1356.71(d)(1)(iv)	October 24, 2013	$9 Maint.
2	8	Payments made to a fully licensed foster family home but not claimed for title IV-E funds. Payments were initially claimed under title IV-E and subsequently reversed due to data entry error, i.e., worker inadvertently replaced a prior unconditional licensure period in the automated system with a more recent licensure period.	§472(b) and (c) of the Social Security Act 45 CFR 355.20(a),and 45 CFR 1356.71(d)(1)(iv)	October 26, 2012 through November 15, 2012	$400 Maint.
				Total Maintenance:	**$409**

Strengths and Areas Needing Improvement

The following identifies strengths and areas needing improvement. We have also included suggestions for improving the State's compliance with the title IV-E foster care maintenance program eligibility requirements and its ability to submit accurate and complete claims for federal financial participation (FFP).

Judicial Determinations

Strengths

Of the fifty-six (56) cases in which children entered foster care via court order (i.e., were not initially placed into foster care pursuant to a voluntary foster custody agreement), there were no errors associated with obtaining judicial determinations of reasonable efforts to finalize permanency timely. This may be because we noted that for the most part this judicial determination is being obtained more frequently than once every twelve months while a child is in foster care.

And, unlike the last eligibility review, there were no cases in which the State began claiming title IV-E funds prior to the month in which the judicial findings of contrary to the child's welfare and/or reasonable efforts were made to prevent removal were obtained.

Areas Needing Improvement:

For children who are judicially removed from their homes after March 27, 2000 (the effective date of the Adoption and Safe Families Act regulations), there are two critical initial protections that must be afforded children and families: (1) ensure that children are not removed from home unless there is a judicial finding made during the first court proceeding regarding the child's removal that it is contrary to the child's welfare to remain at home pursuant to Section 472(a)(2)(A)(ii) of the Social Security Act and 45 Code of Federal Regulations 1356.21(c); and (2) ensure that there is a judicial finding within 60 days from the child's removal that the child welfare agency had made reasonable efforts to prevent the child's removal from his/her home pursuant to Section 472(a)(2)(A)(ii) and 471(a)(15) of the Social Security Act and 45 Code of Federal Regulations 1356.21(b)(1).

Of the fifty-six (56) children whose removals were judicially sanctioned, fifty-three (53) or ninety-five (95) percent reflected obtaining timely judicial determinations that it was contrary to the child's welfare to remain at home and that the agency had made reasonable efforts to prevent removal. For the three (3) remaining cases (samples numbered 13, 17, and 64) in which these findings were not obtained or not obtained timely, the court had issued a single order that covered multiple hearings but the order did not distinguish the specific findings or decisions made at each hearing thereby making it impossible to discern which judicial findings were made during each hearing based solely on the written order. That is, the review team could not confirm in two (2) of these cases (samples numbered 13 and 64) that a judicial determination that it is contrary to child's welfare (CTW) to remain at home was obtained during the first hearing that sanctioned the child's removal. We afforded the State an additional two weeks after the onsite review to provide written transcripts and/or audio recordings of the individual hearings associated with cases for which one order was issued covering multiple hearings. Audio recordings for these cases were submitted as additional documentation but confirmed that the CTW finding was not in fact made during the first hearing sanctioning the child's removal from home.

In the third case (case numbered 17), the review team could not confirm that the judicial determination that the agency made reasonable efforts to prevent the child's removal (REPR) was obtained within 60 days from the child's removal. The written order covered five hearings, the last of which was held 63 days from the date the child was removed. Videos of the court hearings were submitted subsequent to the on-site review. However, the videos confirmed that this finding was in fact not made until the last of the five hearings and thus too late to meet the title IV-E eligibility requirement.

Recommendations:

1. Ensure that the State's title IV-E eligibility workers (EW) do not rely on court orders that cover multiple hearings for determining whether the CTW

requirement was met in the first hearing for purposes of establishing a child's eligibility for title IV-E. Alternatively, the EW will need to listen to an audio recording or obtain a written transcript of the hearing to ascertain and document whether the CTW finding was made in the first hearing sanctioning the child's removal.

2. The EW will need to listen to an audio recording or obtain a written transcript of the individual hearings to ascertain and document when the finding was made.

3. In collaboration with the State's Court Improvement Program (CIP), ensure statewide that a court order is issued for each hearing so that it is clear whether these critical protections are afforded to children and families. If one written order is issued covering multiple hearings, then it should specify the rulings made at each hearing date. Also, emphasize the importance of these judicial determinations in training for current and new Deputy Attorney Generals (DAGs) and the judiciary and the need to clearly document decisions made during each hearing regarding the removal of children and whether the agency had made reasonable efforts to prevent a child's removal, even if a hearing needs to be continued.

Voluntary Placements

Strengths:

Of the eighty (80) cases reviewed, twenty-four (24) or 30 percent were children who were placed in foster care voluntarily. None of these cases were identified as errors because, for the most part, the State is proactively and timely pursuing court jurisdiction when reunification prior to expiration of the voluntary agreement is not likely.

The State's Voluntary Foster Custody Agreements (VFCA) are established for a 90-day period and may be renewed for an additional 90 days or the agency obtains a judicial determination that it is in the child's best interest to remain in out-of-home care no later than the 180th day of the child's placement into foster care. In sixteen (16) of the twenty-four (24) cases, the agency obtained a judicial determination that continued out-of-home placement was in the child's best interest prior to expiration of the 90-day VFCA, well within 180 days of the child's placement into foster care. In six (6) of the cases, the children were returned home prior to the expiration of the Voluntary Foster Custody Agreements (VFCA). There were only two (2) cases in which the judicial determination was obtained one and three days, respectively, after the VFCA expired, well within the 180-day outside limit.

Additionally, the review team noted that the State's VFCA form is well-written, clearly identifying the necessary information for the parents. And, in one case, the youth signed in addition to the parent, reflecting youth engagement in case planning.

Responsibility for Placement and Care

Strengths:

In all 80 cases reviewed, responsibility for placement and care was vested with the child welfare agency either through court order or a valid VFCA. Practice that may have

contributed to this is the use of template court orders and proposed orders from the State's Deputy Attorney Generals.

Aid to Families with Dependent Children (AFDC) Linkage

Strengths:

In seventy-nine (79) of the eighty (80) cases, eligibility workers are determining AFDC eligibility correctly.

The form DHS 1577A the State developed and uses to determine AFDC eligibility is very helpful in documenting AFDC linkage and ensuring accurate eligibility determinations because it is clearly written and helps guide determinations.

Since the last review, we note that the State has developed an eligibility manual specifically for the eligibility workers to include and institutionalize the AFDC requirements in effect in 1996. This is especially important given that many staff with AFDC knowledge have retired or may be eligible for retirement in the near future.

Areas Needing Improvement:

Sections 472(a)(1) and (3) of the Social Security Act and 45 CFR 1356.21(l) require that, to be eligible for title IV-E foster care, a child must be removed from the home of a specified relative, have lived with that same specified relative within six months of the month in which court proceedings were initiated (removal petition) or a VFCA was entered into, and was AFDC- eligible in that home in the month of removal. Section 45 CFR 233.90(c)(v)(B) governing the former AFDC program defines the home of a specified relative as "the family setting maintained or in process of being established, as evidenced by assumption and continuation of responsibility for day to day care of the child by the relative with whom the child is living".

One (1) of the eighty (80) cases (sample numbered 51) was incorrectly determined as meeting this AFDC-related requirement because the child had not resided with the parent from whom removed in the month of petition or any of the six months prior. Specifically, the State's records document the child was judicially removed from the mother while residing with the paternal grandmother, with whom the child had lived since 2006. The child was returned to the paternal grandmother's home after each visit with the mother, including one that took place in the maternal grandmother's home in 2008, prior to the child's placement into foster care on February 11, 2008. In addition, the mom was forbidden from having unsupervised contact with the child. Therefore, the paternal grandmother's home was considered the customary family setting maintained for the child and she was the child's primary provider of daily support, physical care, and guidance. The child's visits with mom constituted temporary absences from the paternal grandmother's home. Mom's legal custody of the child or her occasional visits with the child did not establish that she exercised responsibility for the child's daily care. Therefore, the "living with/removal from the same specified relative" requirement was not met. The "living with" requirement was met by the paternal grandmother's home and the "removal from" requirement was met by the mother's home.

Recommendations:

1. Strengthen the form DHS 1577A by revising it to capture sources of information used to document when the child last lived with the specified relative from whom removed when not physically removed from the specified relative.

2. Document State's determination of the "living with a specified relative" requirement fully complies with 45 CFR 233.90(c)(v) and the determination of the child's home is in accordance with 45 CFR 233.90(c)(v)(B).

3. Consider revising the Safe Family Home Report (SFHR) to note with whom the child was residing at the time of removal. If the child was not living with the parent or another specified relative from whom judicially or voluntarily removed, then make it clear in the SFHR the last time the child had resided with that parent or other specified relative.

Licensure and Safety

Strengths:

For a child to be eligible for title IV-E foster care maintenance payments, he/she must be placed in a fully licensed foster family home or child care institution pursuant to Sections 472(b) and (c) of the Social Security Act, 45 Code of Federal Regulations 1355.20(a). The State's automated system continues to take into account provisional and unconditional licensure periods to help ensure payments made to a provisionally-licensed foster family home is not claimed under title IV-E. The accuracy of claiming is therefore highly contingent upon the accuracy and timeliness in entering the licensing information and change in licensing status into the system by licensing staff.

The eligibility review also assesses whether the child's foster care placement meets the safety requirements for foster family homes and child care institutions during the PUR pursuant to Section 471(a)(20)(A) of the Social Security Act and 45 Code of Federal Regulations 1356.30. In all eighty (80) cases, documentation was provided to demonstrate that the foster parents and the child caring institution staff met the applicable safety requirements for the PUR, which may be due to licensing staff diligence in ensuring safety requirements are met for unconditional licensure.

Area Needing Improvement:

Of the eighty (80) cases reviewed, there were five (5) cases in which a foster care maintenance payment was claimed on behalf of a child for a period of time when the child was ineligible because he or she was placed in a provisionally-licensed foster family home (error cases samples numbered 18 and 47 and non-error cases with ineligible payments samples numbered 20, 41, and 78). For the two (2) error cases, the previously unconditionally-licensed homes were changed to provisional when another adult moved into the home. It appears that the information regarding the provisional licenses was not entered into the system promptly or there was a considerable delay in issuing the provisional license. It appears that the provisional licensure information may not have been entered into the system for two (2) of the non-error cases with ineligible payments (samples numbered 20 and 41). For the third non-error case with an ineligible payment

(sample numbered 78), although the maintenance payment for room and board appropriately was not claimed for title IV-E funds while the provider was provisionally licensed, a clothing payment was claimed for the period.

Recommendations:

1. Determine why the clothing payment in sample #78 was claimed under title IV-E even though other foster care maintenance payments appropriately were not claimed during the time the foster family home was provisionally-licensed. This may call for an automated system resolution to ensure other types of payments such as for clothing and transportation also are linked to licensing information.

2. Ensure that licensing information is entered into the automated system promptly and accurately.

3. Develop an ongoing monitoring mechanism to ensure licensing information is entered into the system accurately.

4. Establish an ongoing mechanism for periodically reviewing title IV-E claims to ensure accuracy.

Additional Findings

The following are additional concerns that surfaced during this review.

Gaps in Placements

In preparing for the review, we requested that the State submit a complete placement history for every child in the review sample. We note that although the State's Child Protective Services System (CPSS) automated system allows for entering placement information for every child, ten (10) of the eighty (80) cases (samples numbered 8, 15, 16, 19, 21, 53, 64, 70, 77, and 80) were missing placement information. That is, the child's placement was not entered into the automated system. For the most part, these were either placements in child caring institutions or in therapeutic foster homes that are approved by child placing organizations. Section 422(b)(8)(A)(i) of the Social Security Act requires the State to "...operate a statewide information system from which can be readily determined the ...location ...of every child." It is critical for the State to maintain accurate records of and know at any given time where a child is placed, especially in times of emergency or natural disaster. We strongly encourage the State to ensure that each and every placement is promptly entered into its automated system.

Child Caring Institutions (CCI)

In preparing for the review, we learned that the State is not currently claiming title IV-E reimbursement for foster care maintenance payments made on behalf of children placed in child caring institutions. Instead, since payments to CCIs are reimbursed under a State purchase of service (POS) contract, payments made to the CCIs were being allocated to title IV-E as an administrative cost based on the portion of title IV-E eligible children

compared to children in foster care. Subsequent to the review, regional office program and fiscal staff visited Hawaii on September 4-6, 2013 to clarify the following concerns:

1. Foster care maintenance payments cannot be allocated to title IV-E as administrative costs. Thus, when a child uses one of the CCI beds made available pursuant to the POS contract, such costs must be claimed as foster care maintenance and solely on the basis of whether a child is eligible for title IV-E foster care maintenance payments, including whether the CCI is fully licensed, for the duration of the child's stay in the CCI.

2. The POS contracts include costs such as counseling that are not allocable to title IV-E. The State must exclude such costs from being claimed under title IV-E.

3. The POS contracts also include transporting children to medical appointments. The State can allocate such costs to title IV-E as an administrative cost and not as a foster care maintenance payment cost.

4. Title IV-E payments made to a CCI on behalf of a title IV-E eligible child must be reflected in the AFCARS files. If the children are not identified in element 59 of the AFCARS as having title IV-E foster care maintenance payments being made on their behalf, then a child who is placed only in a CCI during a six-month AFCARS reporting period would not be in the universe of cases and thus never have a chance of being selected for review;

5. Children placed in a CCI are correctly factored into the State's ratio of Federal/non-Federal foster care cases for the purpose of allocating administrative costs to title IV-E; and

6. CCI licensure status (i.e., provisional versus unconditional licensure) must be taken into account when claiming title IV-E funds for the foster care maintenance payments.

Child Placing Organizations (CPO)

We learned that the State reimburses the Department of Health (DoH) for foster care maintenance payments made on behalf of children under DHS' responsibility for placement and care who are placed in therapeutic homes approved by CPOs. As a result of the September 4-6 visit, we also learned that licensure status is verified during the IV-E claiming process. However, in addition to the concern noted above that placements in CPO homes are often missing in the State's Child Protective Services System (CPSS) automated system, we have the following concerns:

1. Since payments made to reimburse the DoH for payments made to CPO approved homes are not included in the State's automated system or in element 59 of AFCARS, if a child is placed only in a CPO foster home during a six-month AFCARS reporting period and even if title IV- E for that placement is claimed, similar to the

concern we have about CCI placements, the child would not be in the universe of cases and thus never have a chance of being selected for review either.

2. We understand that there is a lengthy delay in receiving invoices from the DoH for reimbursement, which compromises the State's ability to submit accurate claims for title IV-E reimbursement timely.

Transportation Costs

The State has two service codes (K601 and K701) that are used to capture pre-placement transportation costs for a child prior to placement with a particular provider as well as transportation costs to enable a child to visit with a sibling. In accord with the Child Welfare Policy Manual at Section 8.3B.1, question and answer #4
http://www.acf.hhs.gov/cwpm/programs/cb/laws_policies/laws/cwpm/policy_dsp.jsp?citID=46
the latter is allocable to title IV-E as a foster care maintenance payment, while the former is allocable to title IV-E only as an administrative cost. Therefore, unless or until the State can distinguish between transportation costs for sibling visitation versus pre-placement transportation costs, the State must not allocate these two service codes to title IV-E as a foster care maintenance payment.

The Timing in Issuing Foster Care Maintenance Payments

We understand that the State issues its foster care maintenance payments four working days prior to the end of the service month so that providers receive a payment by the first of the subsequent month. While we recognize that the State's automated system routinely identifies overpayments should a child exit the placement after the check has been issued and is designed to reconcile in the subsequent quarter overpayments that were claimed under title IV-E, we are concerned that this practice creates overpayments and compromises the accuracy of the State's initial fiscal reports. We encourage the State to consider issuing payments after the service month is ended to ensure payments for the services rendered are appropriate and claims accurate.

Disallowance

A disallowance in the amount of $25,386 in maintenance payments and $137,681 in related administrative costs of Federal Financial Participation (FFP) is assessed for title IV-E foster care payments claimed for the error cases. Additional amounts of $361 in maintenance payments and $1,597 in related administrative costs of FFP are disallowed for title IV-E foster care payments claimed improperly for the non-error cases with ineligible payments. The total disallowance as a result of this review is $165,025 in FFP.

Next Steps

Program Improvement Plan

Pursuant to 45 CFR §1356.71(i), the State is required to develop a Program Improvement Plan (PIP) to address the areas needing improvement identified above. The PIP is not to exceed one (1) year. It is developed by the State, in consultation with CB Regional Office staff. The PIP must be submitted to the CB Regional Office by December 5, 2013 (if the

report is dated September 12, 2013), which is 90 calendar days from date of this notification letter.

The PIP must include the following components:

1. Specific goals or outcomes for program improvement;
2. Action steps required to correct each identified weakness or deficiency;
3. Date for completing each action step;
4. Description of how progress will be evaluated by the State agency and reported to the CB Regional Office, including the frequency and format of the evaluation procedures; and
5. Description of how the CB Regional Office will know that an action step has been achieved.

Next Review

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

Enclosure B

Hawaii Title IV-E Foster Care Eligibility Review Team Roster

Department of Human Services

1. Lance Ikeda
2. Marcia Ishida
3. Serena James
4. Peggy Kunewa
5. Bernadette Lane
6. Lisa Lum
7. Preston Makishi
8. Veronica Seto
9. Kai Shito
10. Ray Sylva
11. Rosaline Tupou
12. Joyce Verdugo
13. Kathleen Yamashiro

Hawaii Court Improvement Program

14. Gordean Akiona
15. Faye Kimura

Administration for Children and Families (ACF), Children's Bureau (CB)

16. Gudrun Bergvall	Peer Reviewer (Alaska)
17. Lynda Garcia	CB, Region IX
18. Paul Kirisitz	CB, Central Office
19. Mona Mann	CB, Region IX
20. Pat Pianko	CB, Region IX
21. Debra Samples	CB, Region IX
22. Douglas Southard	CB, Region IX
23. David Timmerman	Peer Reviewer (Wisconsin)