

State of New Mexico
Primary Review
Title IV-E Foster Care Eligibility

Report of Findings for
October 1, 2008 - March 31, 2009

Introduction

During the week of July 27, 2009, the Children's Bureau (CB) of the Administration for Children and Families (ACF) conducted a primary review of the State of New Mexico's title IV-E foster care program. The review was conducted in collaboration with the State of New Mexico Children, Youth and Families Department (CYFD) and was completed by a review team comprised of representatives from the State agency, CB Central and Regional Offices, ACF Regional Office of Grants Management and two peer reviewers.

The purposes of the title IV-E foster care eligibility review were (1) to determine whether the CYFD title IV-E foster care program was in compliance with the eligibility requirements as outlined at 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.

Scope of the Review

The primary review encompassed a sample of the State's foster care cases that received a title IV-E maintenance payment during the six-month period under review (PUR) of October 1, 2008 through March 31, 2009. A computerized statistical sample of 100 cases (80 cases plus 20 oversample cases) was drawn from State data submitted to the Adoption and Foster Care Analysis and Reporting System (AFCARS) for the above period. Eighty (80) cases from the original sample were reviewed. No oversample cases were reviewed as no cases were excluded from the original sample.

In accordance with Federal provisions at 45 CFR 1356.71, the State was reviewed according to 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 plan in effect 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.

The case file of each child in the selected sample was reviewed to verify title IV-E eligibility. The foster care provider’s file also was examined to ensure the foster family home or child care institution where the child was placed during the PUR was licensed or approved and that safety requirements were appropriately documented. Payments made on behalf of each child also were reviewed to verify that the expenditures were allowable 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 date of activity in the PUR for which title IV-E maintenance was paid. A sample case was cited as non error with ineligible payment when the child was not eligible on the activity date outside the PUR or the child was eligible in the PUR on the service date of an unallowable activity and title IV-E maintenance was paid for the unallowable activity. 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 2-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 the State would have two weeks following the onsite review to submit additional documentation for a case that during the on-site review was identified as in error, in undetermined status or not in error but with ineligible payments. The State did not submit any additional documentation during this two week period.

Compliance Finding

The review team determined that 79 of the 80 cases met eligibility requirements (i.e., were deemed non-error cases) for the PUR. One (1) case was determined to be an error case for either part or all of the PUR and more than one hundred twenty four (124) non-discrete occurrences of title IV-E payments in non-error cases were determined ineligible for Federal funding for a period of claiming. Four (4) of the approximately 124 occurrences had improper payments attributed to non-compliance with a title IV-E eligibility criterion and the remainder of the approximately 124 occurrences of improper payments were the result of payments for expenditures that the State was unable to document as allowable under title IV-E. Accordingly, Federal funds claimed for title IV-E foster care maintenance payments, including any related administrative costs, associated with the error case and non-error cases with ineligible payments are being disallowed. In addition, one (1) non-error case was identified to have periods of eligibility for which the State did not claim allowable title IV-E maintenance payments. Because the number of cases in error is fewer than four (4), the State of New Mexico Children, Youth and Families Department is in substantial compliance for the PUR.

Case Summary

The following charts record the error case and non-error cases with ineligible payments; underpayment case; reasons for the improper payments; improper payment amounts; 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)
NM 44	Child did not initially meet the financial need or deprivation requirements necessary to be eligible for Aid to Families with Dependent Children (AFDC) under the State plan in effect July 16, 1996 as required by §472(a)(3) of the Act and 45 CFR §1356.71(d)(1)(v). Ineligible for the entire foster care episode. Ineligible period of payments: 11/14/2008-11/30/2008	\$67 Maint. \$719 Admin.

Total: \$67 Maint; \$719 Admin

Non-error Cases with Ineligible Payments

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
NM 29	FC maintenance payment made for the month prior to judicial findings of Contrary to the Welfare. [§472(a)(2)(A)(ii) of the Act; 45 CFR §1356.21] Ineligible: 04/26/2007-04/30/2007	\$121 Maint. \$0 Admin.
NM 32	FC maintenance payment was made for the foster family home before the child was placed in that home. [§472(a)(2)(C) of the Act] Ineligible: 04/01/2008-04/02/2008	\$24 Maint. \$0 Admin.
NM 66	FC maintenance payment made during the month prior to judicial findings of Contrary to the Welfare. [§472(a)(2)(A)(ii) of the Act; 45 CFR §1356.21] Ineligible: 10/31/2007-10/31/2007	\$12 Maint. \$0 Admin.
NM 73	FC maintenance payments made for the month prior to judicial findings of Contrary to the Welfare. [§472(a)(2)(A)(ii) of the Act; 45 CFR §1356.21] Ineligible: 11/22/2004-11/30/2004	\$87 Maint. \$0 Admin.

Total: \$244 Maint; \$0 Admin

Additional Non-error Cases with Ineligible Payments for Holiday Payment

Sample Number	Improper Payment Date	Improper Payments (FFP)
NM 1	Improper Payment: 12/05/2008	\$39 Maint.
NM 2	Improper Payment: 12/05/2008	\$39 Maint.
NM 3	Improper Payment: 12/07/2007, 2/05/2008	\$74 Maint.
NM 5	Improper Payment: 12/06/2005, 12/07/2006, 12/05/2008	\$147 Maint.
NM 6	Improper Payment: 12/06/2005, 12/07/2007, 12/05/2008	\$110 Maint.
NM 8	Improper Payment: 12/05/2008	\$39 Maint.
NM 10	Improper Payment: 12/05/2008	\$39 Maint.
NM 11	Improper Payment: 12/05/2008	\$39 Maint.
NM 12	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$147 Maint.
NM 13	Improper Payment: 12/05/2008	\$39 Maint.
NM 14	Improper Payment: 12/05/2008	\$39 Maint.
NM 15	Improper Payment: 12/05/2008	\$39 Maint.
NM 16	Improper Payment: 12/07/2006, 12/07/2007, 12/05/2008	\$109 Maint.
NM 17	Improper Payment: 12/05/2008	\$39 Maint.
NM 18	Improper Payment: 12/05/2008	\$39 Maint.
NM 19	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 20	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$146 Maint.
NM 23	Improper Payment: 12/07/2007, 12/05/2008	\$111 Maint.
NM 24	Improper Payment: 12/07/2007, 12/05/2008	\$74 Maint.
NM 25	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 27	Improper Payment: 12/07/2006, 12/07/2007, 12/05/2008	\$111 Maint.

NM 29	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 30	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 31	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$147 Maint.
NM 32	Improper Payment: 12/05/2008	\$39 Maint.
NM 33	Improper Payment: 12/05/2008	\$39 Maint.
NM 34	Improper Payment: 12/07/2007, 12/05/2008	\$57 Maint.
NM 35	Improper Payment: 12/05/2008	\$39 Maint.
NM 36	Improper Payment: 12/05/2008	\$39 Maint.
NM 38	Improper Payment: 12/05/2008	\$38 Maint.
NM 39	Improper Payment: 12/05/2008	\$39 Maint.
NM 41	Improper Payment: 12/07/2007	\$36 Maint.
NM 42	Improper Payment: 12/07/2007, 12/05/2008	\$74 Maint.
NM 43	Improper Payment: 12/05/2008	\$39 Maint.
NM 45	Improper Payment: 12/05/2008	\$39 Maint.
NM 47	Improper Payment: 12/05/2008	\$39 Maint.
NM 48	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$146 Maint.
NM 49	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$147 Maint.
NM 50	Improper Payment: 12/05/2008	\$39 Maint.
NM 51	Improper Payment: 12/05/2008	\$39 Maint.
NM 53	Improper Payment: 12/05/2008	\$39 Maint.
NM 54	Improper Payment: 12/07/2007	\$36 Maint.
NM 55	Improper Payment: 12/05/2008	\$39 Maint.
NM 57	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.

NM 58	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 59	Improper Payment: 12/05/2008	\$39 Maint.
NM 60	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 61	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$147 Maint.
NM 62	Improper Payment: 12/05/2007, 12/07/2007, 12/05/2008	\$111 Maint.
NM 63	Improper Payment: 12/07/2006, 12/07/2007, 12/05/2008	\$111 Maint.
NM 64	Improper Payment: 12/05/2008	\$39 Maint.
NM 66	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 67	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007	\$108 Maint.
NM 68	Improper Payment: 12/05/2008	\$39 Maint.
NM 69	Improper Payment: 12/05/2008	\$38 Maint.
NM 70	Improper Payment: 12/05/2008	\$39 Maint.
NM 71	Improper Payment: 12/05/2008	\$39 Maint.
NM 73	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$147 Maint.
NM 74	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 76	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007, 12/05/2008	\$147 Maint.
NM 77	Improper Payment: 12/06/2005, 12/07/2006, 12/07/2007	\$107 Maint.
NM 78	Improper Payment: 12/07/2007, 12/05/2008	\$75 Maint.
NM 79	Improper Payment: 12/05/2008	\$39 Maint.
NM 80	Improper Payment: 12/07/2006, 12/07/2007, 12/05/2008	\$111 Maint.

Total: \$4,579 Maint; \$0 Admin

Non-error Cases with Ineligible Payments for Vacation Payment

Sample Number	Improper Payment Date (Month/Year)	Improper Payments (FFP)
NM 1	Improper Payment: Mar 2009	\$116 Maint.
NM 3	Improper Payment: Jun 2007, Oct 2007, Nov 2007, Jul 2008	\$428 Maint.
NM 5	Improper Payment: Jan 2006, May 2006	\$544 Maint.
NM 6	Improper Payment: May 2006, May 2008	\$160 Maint.
NM 7	Improper Payment: Aug 2008	\$355 Maint.
NM 8	Improper Payment: Dec 2008	\$193 Maint.
NM 10	Improper Payment: Dec 2008, Jan 2009, Feb 2009	\$232 Maint.
NM 12	Improper Payment: Jul 2005, Jun 2008	\$412 Maint.
NM 13	Improper Payment: Sep 2008, Feb 2009	\$184 Maint.
NM 16	Improper Payment: Jun 2007	\$324 Maint.
NM 17	Improper Payment: Dec 2008, Feb 2009	\$386 Maint.
NM 18	Improper Payment: Dec 2008, Feb 2009	\$386 Maint.
NM 20	Improper Payment: Aug 2005, Apr 2007	\$179 Maint.
NM 23	Improper Payment: Jun 2007	\$324 Maint.
NM 24	Improper Payment: Dec 2007, Aug 2008, Jan 2009	\$502 Maint.
NM 25	Improper Payment: Jul 2007, Sep 2007, Oct 2008, Dec 2008	\$555 Maint.
NM 30	Improper Payment: Oct 2007, Aug 2008, Sep 2008, Jan 2009, Feb 2009	\$997 Maint.
NM 31	Improper Payment: Jun 2007, Oct 2007	\$548 Maint.
NM 33	Improper Payment: May 2008, Dec 2008	\$321 Maint.
NM 36	Improper Payment: Oct 2008	\$116 Maint.
NM 43	Improper Payment: May 2008	\$320 Maint.

NM 49	Improper Payment: Aug 2007, Sep 2007, Nov 2007, Jul 2008, Sep 2008	\$372 Maint.
NM 51	Improper Payment: Aug 2008	\$142 Maint.
NM 54	Improper Payment: Jul 2008	\$355 Maint.
NM 55	Improper Payment: Nov 2008	\$386 Maint.
NM 57	Improper Payment: Sep 2007, Dec 2008, Jan 2009, Feb 2009	\$297 Maint.
NM 58	Improper Payment: Jul 2007, Feb 2009	\$710 Maint.
NM 61	Improper Payment: Mar 2006, Mar 2007, Jun 2007, Aug 2008	\$825 Maint.
NM 63	Improper Payment: Aug 2008	\$355 Maint.
NM 66	Improper Payment: Feb 2008, Aug 2008	\$675 Maint.
NM 68	Improper Payment: Jul 2008	\$142 Maint.
NM 70	Improper Payment: May 2008, Dec 2008	\$321 Maint.
NM 73	Improper Payment: Aug 2005	\$334 Maint.
NM 76	Improper Payment: Feb 2006	\$32 Maint.
NM 77	Improper Payment: Dec 2005	\$192 Maint.
NM 79	Improper Payment: Aug 2008	\$71 Maint.
NM 80	Improper Payment: Aug 2006, Jun 2007, Aug 2008, Sep 2008	\$796 Maint.

Total: \$13,587 Maint; \$0 Admin

Non-error Cases with Ineligible Payment for Youth Skills Payment

NM 03	Improper Payment: Aug 2007, Sep 2008, Mar 2009	\$309 Maint.
NM 06	Improper Payment: Sep 2005	\$37 Maint.
NM 10	Improper Payment: Nov 2008, Feb 2009	\$48 Maint.
NM 12	Improper Payment: Oct 2008	\$191 Maint.
NM 19	Improper Payment: Sep 2008	\$36 Maint.

NM 30	Improper Payment: Mar 2009	\$27 Maint.
NM 32	Improper Payment: Nov 2008	\$386 Maint.
NM 33	Improper Payment: Aug2008	\$13 Maint.
NM 41	Improper Payment: Jul 2007	\$36 Maint
NM 54	Improper Payment: Oct 08	\$15 Maint.
NM 57	Improper Payment: Sep 2007, Oct 2007, Feb 2008, Apr 2008, May 2008, Nov 2008, Dec 2008, Feb 2009	\$331 Maint.
NM 59	Improper Payment: Aug 2008, Mar 2009	\$36 Maint
NM 61	Improper Payment: Mar 2006, Jul 2006, Aug 2006, Sep 2006, Oct 2006, May 2008	\$313 Maint.
NM 67	Improper Payment: Mar 2006, Oct 2008	\$755 Maint.
NM 73	Improper Payment: Jun 2007, Jan 2008, Jun 2008, Dec 2008, Mar 2009	\$363 Maint
NM 76	Improper Payment: Oct 2007	\$115 Maint.
NM 77	Improper Payment: Jul 2006, Aug 2006, Dec 2008, Jan 2009	\$145 Maint.

Total: \$3,156 Maint.; \$ 0 Admin

Underpayment Case

Sample Number	Improper Payment Reason & Ineligibility Period	Improper Payments (FFP)
NM 12	The child was title IV-E eligible and living in a foster family home that met the licensure & safety requirements but no IV-E payments were made. [§472(a)(1)(B) of the Act; 45 CFR 1356.21; 45 CFR 1356.30] Eligible: 05/14/2004-04/30/2005	\$3,801 Maint.

Total: \$3,801 Maint; \$0 Admin

Strengths and Promising Practices

The following positive practices and processes of the title IV-E foster care eligibility program were observed during the review. These approaches seem to have led to improved program performance and successful program operations.

Family Automated Client Tracking System (FACTS): New Mexico has developed a Tier One status Statewide Automated Child Welfare Information System (SACWIS) that is capable of interfacing with the computer systems maintained separately by the Social Security Administration, State of New Mexico Child Support Enforcement, the Department of Labor, and

the Income Support Division. These electronic interfaces help staff to obtain information essential to determining financial need and deprivation of parental support for AFDC eligibility. FACTS also promotes timely determinations of title IV-E eligibility and decreases the likelihood of incorrect eligibility decisions.

Affidavits: The affidavits filed in the early stages of the cases were comprehensive and adequately established the foundation for court removal orders and initial eligibility determinations.

Court Orders: Court orders were individualized and child-specific. Reviewers reported seeing court orders that definitively detailed the Agency's efforts to prevent removal of the child from the home and to finalize a permanency plan and that explained the basis of the judge's ruling on whether it was contrary to the welfare of the child to remain in the home.

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 following areas:

Issue # 1: Ex Parte Orders. The effective date of many ex parte orders was difficult to determine due to the fact that they were not dated when signed and the hearing date was often omitted. The court filing date was sometimes the only date appearing on the order.

Recommended Corrective Action: Good judicial practice requires that the order is dated at the time of signing. The State should continue its efforts to educate the judiciary and other court officials about drafting court orders that adequately reflect State and title IV-E criteria of legal sufficiency and findings of "contrary to the welfare" and "reasonable efforts." The NM Court Improvement Program may be a good vehicle for this educational effort.

Issue # 2: Date of Physical Removal. The date the child was physically removed from the home was often difficult to determine due to this date being omitted from written court orders, supporting affidavits, and case recordings.

Title IV-E Requirement: The date the child was removed from the home is important in determining whether or not there has been a valid removal of the child from the home. The removal date also is critical to a determination of the child's initial eligibility for AFDC and the judicial findings of "contrary to the welfare" and "reasonable efforts to prevent removal" [45 CFR §1356.21(k)(3), 45 CFR §1356.21(c), 45 CFR §1356.21(b)(1)]. Omission of this date may result in a determination that the child is ineligible to receive title IV-E foster care maintenance payments for an entire foster care episode.

Recommended Corrective Action: This date should appear clearly in the court order or affidavit and case recordings. The State should continue its efforts to educate the judiciary, other court officials, and Agency staff on the necessity of clearly showing and accurately recording the date the child was physically removed from the home. Good practice would be for the removal date

to be clearly identified in the narrative of the affidavit that supports the initial petition and in the case recordings maintained by the State Agency.

Issue # 3: Documentation of Financial Need and Deprivation. The file narratives showed considerable inconsistency in documenting how financial need and deprivation were determined. This is true for both the initial determination and subsequent redeterminations.

Title IV-E Requirement: Federal provisions at §§472(a)(1) and (3) of the Act and 45 CFR §1356.71(f) provide the parameters for determining the child's AFDC eligibility. If these factors are not sufficiently documented, the child may be determined to be ineligible to receive title IV-E foster care maintenance payments for an entire foster care episode.

Recommended Corrective Action: The design and implementation of specific guidelines or a narrative format and training of the eligibility staff in writing complete and sufficient narratives would strengthen this area.

Issue # 4: Childcare Institution Safety Standards. With regard to the licensure of child care institutions, case records did not clearly show that the licensing agency had adequately addressed safety standards prior to licensure of those institutions. The only institutional safety-related documentation provided in the files was the licensing report, which only notes deficiencies and does not present a comprehensive review of all the elements assessed for licensure. Appraisals of safety standards were not included in these reports. It is also a matter of serious concern that the licensing agency previously destroyed the licensing/monitoring survey shortly after a child care institution was licensed, which prevented this survey from being included in the case file and available as a documentation source for the eligibility review. Fortunately, supplemental documentation was provided that enabled reviewers to determine whether the safety requirements were met. The licensing agency representative assured us that the record destruction was terminated earlier this year.

Title IV-E Requirement: §§472(b) and (c) and 45 CFR §1356.21(m)(2) give direction as to licensing and safety of foster family homes and child care institutions. Federal regulations at 45 CFR §1356.71(g) provide that the licensing file must contain documentation to show that the State has complied with the safety requirements for foster and adoptive placements in accordance with 45 CFR §1356.30.

Recommended Corrective Action: The State should retain records and reports that assess and appraise the level of safety-standard compliance by child care institutions. In addition, the State should retain copies of the child care facility licensing/monitoring survey that is conducted by the licensing agency. The archived surveys will provide an historical accounting of a facility's licensure experiences and may provide valuable information pertinent to current or future decisions about the licensure status of the facility

Issue # 5: Unallowable Program Costs and Eligibility Related Payment issues:

Unallowable Program Costs. The State payment history for the review sample included three kinds of special payments labeled as “holiday,” “vacation allowance” and “youth skills” that were claimed as title IV-E foster care maintenance payments.

- Annual Holiday Payments. For all children in foster care, the State made a \$50 supplemental payment to foster care providers in December near the Christmas holidays. The payment history for 64 of the 80 sample cases reported these undocumented title IV-E maintenance payments. State policy does not provide guidance on what items or activities the funds can be spent. The payments are not supported by receipts nor are expenditures identified in order to determine allowability under the title IV-E program.
- Vacation Allowance Payments. The payment history for 37 of the 80 sample cases recorded supplemental foster care maintenance payments as vacation allowance. New Mexico Permanency Planning Procedure, PR 8.10.8.23, states that “each foster family provider is eligible for fifty dollars (\$50) per day for a maximum of ten (10) days per year (\$500 total amount) for vacation-related expenses, if pre-approved by the county office manager (COM).” The foster family provider is expected to provide receipts for reimbursement. However, State policy does not provide guidance on what items or activities the funds can be spent. A determination could not be made on the allowability of the payments under the title IV-E program.
- Youth Skills Payments. In the payment history for 17 of the 80 sample cases there were charges for youth skills expenses under the title IV-E foster care maintenance program. Youth skills can be considered social services, which are not allowable. It is possible reimbursement may be charged to the Chafee Foster Care Independence Program. Ineligible title IV-E payments for this cost category also were disallowed in the 2006 eligibility review.

Eligibility-Related Payment Issues. The State payment history also reported title IV-E foster care maintenance payments were made in 4 of the 80 sample cases either prior to establishing eligibility for the child or prior to placing the child in a foster care setting.

Title IV-E Requirement: Federal regulations at 45 CFR §1356.60 provide that title IV-E foster care maintenance assistance payments may be claimed only for allowable costs that are covered by the Federal definition of foster care maintenance found at §475(4) of the Act. Under §472 of the Act, title IV-E maintenance payments may be claimed from the first day of placement in the month in which all title IV-E eligibility criteria are met, but not before all eligibility criteria are met. To qualify for Federal Financial Participation (FFP), the State must document that foster care maintenance payments claimed for title IV-E reimbursement are for allowable expenditures in accordance with the statutory definition, are for eligible children, are in amounts conforming to the State rates of payment for the type and level of care provided, and are for non-duplicative costs of daily maintenance.

Recommended Corrective Action: While there is a possibility that the holiday and vacation payments may be allowable, in part or whole, as foster care maintenance payments, there are no explicit provisions in State policy or documents that support a determination that the funds are

permissible title IV-E program costs. Therefore, these vacation and holiday payments are deemed ineligible and the payments are disallowed until acceptable documentation is provided. We remind New Mexico that it is the State's responsibility for ensuring claims for FFP are properly substantiated.

During the 2006 eligibility review, similar concerns were raised about the vagueness of State policy pertaining to several other types of expenses charged as title IV-E foster care maintenance payments. It appears that improvements in policy guidance and system operations have effectively eliminated or reduced improper claiming in most of the cost areas that were identified at that time. However, the additional payment issues identified in this current review must be corrected.

It is recommended that the State continue to revise its policies to give clear, explicit guidance to State staff about title IV-E eligibility criteria and allowable title IV-E program costs. Sound accounting practices also dictate reasonable definitions of expenditures, documentation of reimbursements, and maintenance of accurate, reliable records. As recommended in the 2006 final report, the State should consult the Federal Child Welfare Policy Manual, Section 8.3B and OMB Circular No. A-87, for further guidance on allowable maintenance costs under the title IV-E foster care program. The State is strongly urged to conduct a systematic review of its policy governing programmatic and financial operations pertaining to foster care reimbursements, implement appropriate corrective measures, and provide training to staff to ensure all claims for FFP are proper.

Disallowances

A disallowance in the amount of \$67 in maintenance payments and \$719 in related administrative costs of FFP is assessed for title IV-E foster care payments claimed for the error case. Additional amounts of \$21,566 in maintenance payments of FFP are disallowed for title IV-E foster care payments claimed improperly for the non-error cases. The total disallowance as a result of this review is \$22,352 in FFP. The State must identify and repay any ineligible payments that occurred for the error and non-error cases subsequent to the PUR. No future claims should be submitted on these cases until it is determined that all eligibility requirements are met and claims for FFP are allowable.