

**Final Report**  
**State of South Carolina**  
**Primary Review**  
**Title IV-E Foster Care Eligibility**  
**Report of Findings for**  
**April 1, 2014 – September 30, 2014**

**Introduction**

During the week of May 18 – 22, 2015, the Children’s Bureau (CB) of the Administration for Children and Families (ACF) conducted a primary review of South Carolina’s title IV-E foster care program. The title IV-E foster care review (IV-E review) was conducted in collaboration with the South Carolina Department of Social Services (SCDSS) and was completed by a review team comprised of representatives from the state title IV-E agency, CB Central and Regional Offices, ACF Regional Grants Management and cross-state peer reviewers.

The purposes of the IV-E review were (1) to determine whether the South Carolina title IV-E foster care program is 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 appropriate payments were made on behalf of eligible children.

**Scope of the Review**

The IV-E review encompassed a sample of the state’s foster care cases in which a title IV-E maintenance payment was made for an activity that occurred in the six-month period under review (PUR) of April 1, 2014 – September 30, 2014. A computerized statistical sample of 100 cases (80 cases plus 20 oversample cases) was drawn from data the state submitted to the Adoption and Foster Care Analysis and Reporting System (AFCARS) for the above period. Eighty (80) cases were reviewed which consisted of 76 cases from the original sample plus 4 oversample cases. Four cases were excluded from the original sample because no title

IV-E foster care maintenance payment was made for a period of activity during the PUR. The state provided documentation to support excluding these cases from the review sample and replacing them with cases from the oversample.

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) and (c), respectively;
- Voluntary placement agreements as set forth in §§472(a)(2)(A)(i) 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 1356.71(d)(1)(iv); and
- Safety requirements for the child’s foster care placement as required at §471(a)(20)(A) of the Act and 45 CFR §1356.30.

The case record of each child in the selected sample was reviewed to verify title IV-E eligibility. The foster care provider’s record also was examined to ensure the foster family home or child care institution where the child resided during the PUR was fully licensed and met the safety requirements. Additionally, payments made on behalf of each child were reviewed to verify expenditures were properly claimed under title IV-E and to identify underpayments 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 date of an unallowable activity and title IV-E maintenance was paid for the unallowable activity in either situation. In addition, underpayments were identified for a sample case when the state unintentionally did not claim an allowable title IV-E maintenance payment for an eligible child within the 2-year filing period specified in 45 CFR §95.7 and the filing period had not expired.

The CB and SCDSS agreed the state would have up to 30 days following the onsite review to submit additional documentation for a case during the onsite review identified as in error, in “undetermined” status, or not in error but with ineligible payments.

### **Compliance Finding**

The review team determined 79 of the 80 cases met all eligibility requirements (i.e., were deemed non-error cases) for the PUR. One case was determined as in error for not meeting the eligibility requirements for the entire foster care episode. A second error in this case was cited because the provider facility in which the child resided during the PUR was not an eligible placement. Four (4) non-error cases met eligibility requirements for the PUR but were found to have periods in the foster care episode for which title IV-E maintenance payments were improperly claimed.

The CB has determined the South Carolina title IV-E foster care program is in substantial compliance for the PUR. Substantial compliance in a primary IV-E review means the total number of error cases is four or fewer cases determined as not meeting eligibility requirements for the PUR. The supplemental findings for non-error cases with ineligible payments were not considered in determining the state’s level of compliance with federal requirements. The next primary review will be held in three years.

In addition to the above five (5) error and non-error cases, two (2) cases were identified as having underpayments.

### Case Summary

The following charts record the improper payment cases comprised of: the error case, non-error cases with ineligible payments and/or underpayments; reasons for the improper payments; improper payment amounts; and federal provisions for which the state did not meet the compliance mandates. Calculation of improper payments is based on the federal financial participation (FFP) rates of maintenance payments at the state's Federal Medical Assistance Percentages (FMAP) for applicable year(s) for each sample case.

#### Error Case:

| Sample Number | Improper Payment Reason & Ineligibility Period<br>April 1, 2014 – September 30, 2014   | Improper Payments (FFP)                  |
|---------------|--|--|
| # 10          | Judicial determination of contrary to the welfare finding was not obtained in the first order sanctioning the child's removal from home.<br>[§472(a)(2)(A) of the Act; 45 CFR §1356.21(c)]<br><br>Ineligible: Entire Foster Care Episode;<br>Reported Disallowance Period: 11/26/03 – 3/9/15           | \$53,939<br>Maint.<br>\$84,711<br>Admin. |
|               | Foster care (FC) maintenance payment made for a period, including during the PUR, when safety requirements were not satisfactorily met for caregiver staff of the childcare institution where the child resided.<br>[§471(a)(20)(A) of the Act; 45 CFR § 1356.30]<br><br>Ineligible: 09/25/14-10/09/14 |  |

**Total: \$138,650**

#### Non-error Cases with Ineligible Payments:

| Sample Number | Improper Payment Reason & Ineligibility Period<br>April 1, 2014 – September 30, 2014  | Improper Payments (FFP)                  |
|---------------|---|--|
| # 4           | Foster care maintenance payments were claimed for the same activity and activity dates for two different foster care providers.<br>[§475(4) of the Act; 45 CFR 1356.60(a)(1)(i)]<br><br>Ineligible: 07/25/14 – 08/31/14 | \$333.35<br>Maint.<br>\$697.41<br>Admin. |
| # 30          | Foster care maintenance payments were claimed for the same activity and activity dates to two foster care providers.<br>[§475(4) of the Act; 45 CFR 1356.60(a)(1)(i)]<br><br>Ineligible: 06/18/14 -6/30/14              | \$101.53Maint.<br>\$243.81<br>Admin.     |
| # 39          | Foster care maintenance payments continued to be paid after child's discharge from foster care.<br>[§475(4) of the Act; 45 CFR 1356.60(a)(1)(i)]<br><br>Ineligible: 06/27/14 – 06/30/14                                 | \$39.99 Maint.<br>\$73.71<br>Admin.      |

| <b>Sample Number</b> | <b>Improper Payment Reason &amp; Ineligibility Period<br/>April 1, 2014 – September 30, 2014</b>  | <b>Improper Payments (FFP)</b>               |
|----------------------|---|--|
| # 47                 | Duplicate title IV-E foster care maintenance payments were made to the same provider for the same activity period. [§475(4) of the Act; 45 CFR 1356.60(a)(1)(i)]<br><br>Ineligible: 12/1/13 – 4/30/14 | \$1,266.73<br>Maint.<br>\$2,834.99<br>Admin. |

**Total: \$5,592**

**Underpayment Cases:**

| <b>Sample Number</b> | <b>Improper Payment Reason &amp; Eligibility Period<br/>April 1, 2014 – September 30, 2014</b>  | <b>Improper Payments (FFP)</b> |
|----------------------|---|--------------------------------|
| # 49                 | The child was removed on June 20, 2014 and met all of the title IV-E eligibility requirements for the entire month of June 2014. Child's placement in an eligible foster care facility begins on June 20, 2014; title IV-E payments began on July 1, 2014. [§472(a) of the Act; 45 CFR 45 CFR 1356.60(a)(1)(i)]<br><br>Eligible: 06/20/14 – 06/30/14                | \$607.75 Maint.                |
| #59                  | The child was removed on December 13, 2013 and met all of the title IV-E eligibility requirements for the entire month of December 2013. Child's placement in an eligible foster care facility begins on December 13, 2013; title IV-E payments began on January 1, 2014. [§472(a) of the Act; 45 CFR 45 CFR 1356.60(a)(1)(i)]<br><br>Eligible: 12/13/13 – 12/31/13 | \$1,139.71 Maint.              |

**Total: \$1,747**

**Areas Needing Improvement**

Findings of this review indicate the state needs to further develop and implement procedures to improve program performance in the following areas.

Issue #1: *A judicial determination of contrary to the welfare was not made in the first order that sanctions the removal of the child from the home.* This case was found to be in error because the court order did not contain explicit finding to the effect that it was contrary to the welfare, or in the best interest, of the child to remain in his home. While the court order described details of the situation preceding the child's removal, it was left to the reviewer to infer that child was removed on these bases, rather than a definitive finding from the court explicitly stating that it was contrary to the welfare of the child to remain in the home.

Title IV-E Requirement: A child's judicial removal from the home must be the result of a judicial determination to the effect that continuation in the child in the home is contrary to the child's welfare, or that placement in foster care is in the child's best interests. [§472(a)(2)(A) of

the Act]. The judicial determination must be explicitly stated in the court order (or transcript of the court proceeding).

Recommended Corrective Action: The requisite judicial determination must be made in the first order sanctioning the child's removal from his/her home. While this type of error does not seem to be a systemic issue, we recommend that model court orders that courts are currently utilizing be reviewed to ensure that the requisite finding is expressly contained within them.

Issue #2: *Safety requirements were not satisfactorily met for caregiver staff of the childcare institution.* The above mentioned case was also in error because the group home facility where the child resided hired a person who was listed on the SC child abuse and neglect registry and was working at the facility during the time the child was in care there, including during the PUR.

Title IV-E Requirement: Consistent with 45 CFR 1356.30(f), the title IV-E agency must provide evidence that safety considerations with respect to the caregiver staff of the childcare institution have been addressed in accordance with the requirements of the state where the childcare institution is located. Accordingly, the CB looks to the governing state provisions to determine how to review for safety considerations. For purposes of the title IV-E eligibility review, the documentation must verify that all of the governing safety requirements were met prior to the title IV-E maintenance payments being made on behalf of an eligible child in the childcare institution during the PUR.

Recommended Corrective Action: The state has in place a centralized licensing process to ensure that all licensing standards are met, including a process to alert the IV-E eligibility unit when licensing standards are not met for a foster family home or childcare institution. The state should continue these efforts, as well as review the licensing oversight process to determine if additional checks and balances are required. State agency licensing staff have advised CB of their intention to review the design and format of the existing clearance form and implement changes that will make it easier for staff to identify the results of a registry check for prospective employees. The state should also consider providing training and technical assistance to childcare facility staff to ensure that the facility administrative staff are knowledgeable about the safety requirements.

Issue #3: *Improper Payments.* In two (2) non-error cases it was determined that the state made title IV-E payments on behalf of the same child, for the same days in two different foster care placements. In another non-error case it was determined that title IV-E payments continued to be made to the foster care provider after the child had been discharged from foster care. The final non-error case was cited due to duplicate title IV-E payments being made to the same provider for the same activity period.

Title IV-E Requirement: An improper payment is any title IV-E foster care maintenance payment that should not have been made or that is made in an incorrect amount under a requirement applicable to title IV-E. Incorrect amounts are overpayments, duplicate payments, erroneous and otherwise ineligible payments and underpayments.

Recommended Corrective Action: The state uses both an automated process [through Statewide Automated Child Welfare Information System (SACWIS), also known as Child and Protective

Services System (CAPSS)] and a manual process to make and track foster care maintenance payments. The manual process is used for certain group home payments and appears to be tedious and entails a great deal of paperwork. Regardless of the system used by the state, internal fiscal controls are required. South Carolina should review its 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. The internal fiscal and program controls should also alert the state when a child's placement changes to an ineligible placement setting and when duplicate payments are made for the same child and same service type for the same time period. The state is in the process of developing new enhancements to its automated system (CAPSS) that will include a payment component. The review team was advised that these changes will be completed by July 1, 2015. The CB Division of State Systems will continue to work with South Carolina in the development of a SACWIS-compliant system.

Issue #4: Correct coding of AFCARS data element 59. Four cases were excluded from the original sample and replaced with cases from the oversample. Discussions with state staff and an examination of case documentation confirmed elimination of these cases from the sample was necessary because a title IV-E maintenance payment was not made in the cases for activities during the PUR. State agency officials indicated the cases were incorrectly coded for title IV-E maintenance instead of the correct funding source in a timely manner.

Title IV-E Requirement: The case sample and oversample drawn for review consist of cases of individual children with a "1" coded in AFCARS data element 59, "Sources of Federal Financial Support/Assistance for Child", for the six-month reporting period of the PUR. As provided for in Appendix A of 45 CFR §1355.40, AFCARS element 59 is coded as "1" to indicate title IV-E foster care when title IV-E foster care maintenance assistance is the applicable source of income for the child's care at any time during the six-month AFCARS period for a child meeting all title IV-E eligibility criteria. Element 59 is coded as "0" when title IV-E foster care maintenance payments are not the applicable income source for the child's care.

Recommended Corrective Action: The validity of the sample and oversample is dependent on the accuracy of the title IV-E agency's reporting of AFCARS foster care data element 59 (FC59). The CB recommends the title IV-E agency ensures a child's eligibility status and a child's living arrangements are entered timely. Additionally, the agency's information system must properly identify changes in a child's eligibility status and any updates also must be completed in a timely manner. Without the correct information about the child's eligibility status and living arrangement and the system properly identifying changes in these, the extraction code cannot properly identify whether FC59 applied (code value 1) or did not apply (code value 0) at any point in the report period being extracted. Staff training and data monitoring should be conducted on a regular basis to ensure the system accurately reflects the correct funding source for the child.

### **Other Program Concerns:**

South Carolina's AFDC eligibility determination process includes using a "mini-budget" process that is stored in a legacy system outside of its SACWIS – the Client Information and History Profile System (CHIPS). The eligibility workers manually enter information into the system – gathered from the case manager, wage match system, social security administration, unemployment systems – and the CHIPS system automatically makes a determination as to

whether the child meets the AFDC income requirements using the 100/185 percent two-step process. While onsite it could not be demonstrated that the CHIPS accurately makes this determination; however, through extensive discussions with the title IV-E supervisory staff, the review team was satisfied that this process is in place. As CB's Division of State Systems continues to work with South Carolina to develop a SACWIS-compliant system; review of this two-step process will be included.

South Carolina documents title IV-E eligibility using a manually-completed assessment form that is kept in each child's financial file. The review team observed multiple versions of this form, some containing more detailed information than others. The CB recommends that this form be modified to explicitly and consistently document how the eligibility factors of deprivation and financial need, including income and assets, were met.

Finally, while onsite, the review team noted that the state's version of the background screening documentation letter did not explicitly indicate that the clearance was fingerprint-based. Through extensive discussions with the title IV-E supervisory staff and an agency attorney, the CB staff accepted the clearance letters in the files as those issued based on fingerprint-based screenings. The state is working with their Federal Bureau of Investigations (FBI) liaison to revise the screening results letter to specify the screening of the applicant was fingerprint-based and the applicant did not have any disqualifying offenses. The CB will work closely with the state to ensure that going forward its documentation complies with applicable federal statutory and regulatory provisions.

### **Program Strengths and Promising Practices**

The following positive practices and processes of the state's title IV-E program were observed during the review. These approaches seem to be instrumental in the state's ability to be in substantial compliance with the title IV-E foster care requirements during the last two reviews

#### Eligibility Determinations

South Carolina has a centralized title IV-E eligibility determination and re-determination unit. This unit manages the title IV-E eligibility determination and redetermination processes by gathering required information from the case management and licensing staff, making the determinations, tracking and monitoring and documenting compliance. The centralization of the title IV-E eligibility unit also facilitates timely identification of issues, emerging trends and problem solving. The 2012 title IV-E review demonstrated that the eligibility unit has a good understanding of title IV-E eligibility requirements as no errors were found during that review.

#### Staff Development and Training:

A staff member in the centralized title IV-E unit conducts basic training for new workers in the counties twice per month. The focus of this training is to inform the county staff of the title IV-E eligibility requirements and emphasize the importance of submitting IV-E relevant information timely and notifying the centralized eligibility unit of the child's status – such as placement changes and exits from foster care. They have also developed a PowerPoint presentation that is sent out to counties to use as a refresher course in staff meetings.

## **Disallowances**

A disallowance in the amount of \$53,939 in maintenance payments and \$84,711 in related administrative costs of FFP is assessed for title IV-E foster care payments claimed for the error case. Additional amounts of \$1741.60 in maintenance payments and \$3849.92 in related administrative costs of FFP are disallowed for title IV-E foster care payments claimed improperly for non-error cases. The total disallowance as a result of this IV-E review is \$144,242 in FFP.

South Carolina also must identify and repay any ineligible payments for the error and non-error cases that occurred for periods subsequent to the PUR. No future claims should be submitted on these cases until it is determined that all eligibility requirements are met.

## **Next Steps**

As part of the state's ongoing efforts to improve its title IV-E foster care eligibility determination process, the CB recommends South Carolina examine identified program deficiencies and develop sustainable strategies that will assist the state in operating and maintaining an accurate title IV-E foster care eligibility program. The CB Region 4 Office staff is available to assist the state in identifying corrective action and obtaining support available through our national network of training and technical assistance centers to help the state address issues and concerns raised during this IV-E review, as well as any issues that may arise in the future.