

**Final Report**  
**State of Alaska**  
**Secondary Review**  
**Title IV-E Foster Care Eligibility**

**Report of Findings for October 1, 2014 – March 31, 2015**

**Introduction**

The Children's Bureau (CB) of the Administration for Children and Families (ACF) conducted a secondary review of the Alaska title IV-E foster care program during the week of November 16, 2015. The review was a collaborative effort with review team members from Alaska's Office of Children's Services; Alaska Community Care Licensing; the Alaska Court Improvement Project; Central Council Tlingit and Haida Tribes; Kawarek Native Association; Children's Bureau Central and Regional Offices; ACF Office of Grants Management; and cross-state peer reviewers from Washington and Oregon.

This secondary title IV-E foster care eligibility review (IV-E review) was conducted as a result of the findings of the primary review completed during the week of September 10, 2012. At that time, Alaska was determined not in substantial compliance with the title IV-E eligibility requirements for the period under review (PUR) of October 1, 2011 through March 31, 2012. Alaska submitted and successfully completed the required Program Improvement Plan (PIP) to correct areas found needing improvement in its title IV-E program for foster care.

Alaska's PIP goals and activities included, but were not limited to the following:

- Ensure processes are in place for consistency and accuracy of title IV-E eligibility determinations and claiming. Develop and implement: a process of ongoing quality assurance for title IV-E eligibility determinations, automatic notifications of change in licensing status, and a statewide quality assurance process for foster home licensing.
- Facilitate clear and ongoing communication and training regarding title IV-E requirements among licensing, eligibility, and field staff. Ensure licensing and safety requirements are documented accurately and in a timely manner to allow proper title IV-E claiming.
- Ensure all policies and practices are in compliance with federal title IV-E laws, regulations and policies. Clarify and update policies as needed to minimize inaccurate title IV-E claiming. Update Child Protective Services, Licensing and title IV-E manuals as needed, and provide title IV-E training to both new and existing title IV-E eligibility and licensing staff.
- Ensure court determinations are made and fully documented in a timely manner, in order to reduce delays to title IV-E eligibility determinations and claiming. Ensure court orders document and clearly state findings, and accurately reflect oral findings made on record, reducing the need to transcribe oral audio findings. Collaborate with the Court Improvement Project (CIP) and Department of Law (DOL) to ensure Office of Children's Services (OCS) has timely access to court documents.

During the PIP implementation period, Alaska strengthened policies and practices as well as revised forms and procedures to ensure a more accurate title IV-E eligibility determination system.

### **Scope of the Review**

The purposes of the secondary IV-E review are: (1) to determine whether Alaska's 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.

The title 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 PUR of October 1, 2014 to March 31, 2015. A computerized statistical sample of 180 cases (150 cases plus 30 oversample cases) was drawn from data the state submitted to the Adoption and Foster Care Analysis and Reporting System (AFCARS) for the above period. One hundred fifty (150) cases were reviewed, which consisted of 132 cases from the original sample plus 18 from the oversample. Eighteen (18) cases were excluded from the original sample and two (2) from the oversample 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. An additional oversample of 20 cases was drawn from AFCARS as a result of the high number of cases excluded from the original sample.

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 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 lived during the PUR was fully licensed and satisfactorily met the safety requirements. 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 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 activity date. 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 Children's Bureau and Alaska agreed the state would have two weeks following the onsite review to submit additional documentation for cases during the onsite review identified as in error, not in error but with ineligible payments, or underpayments. Clarification provided by Alaska regarding one underpayment case (Sample # 9) supported changing the finding as the state was following its practice in claiming as of the effective date of the license, not back to the beginning of the month.

### **Compliance Finding**

The review team determined 144 of the 150 cases met all eligibility requirements (i.e., were deemed non-error cases) for the PUR. Six (6) cases were determined as in error for not meeting the eligibility requirements either for periods only during the PUR or for the entire foster care episode. Three (3) non-error cases met eligibility requirements during the PUR but were found to have periods in the foster care episode outside the PUR for which title IV-E maintenance payments were improperly claimed. Two (2) non-error cases had periods of eligibility for which the state did not claim allowable title IV-E maintenance payments.

The review sample's case error rate for the number of cases in error for the PUR is four (4) percent. Additional findings for the non-error cases with ineligible payments were not considered in determining the state's case error rate.

The total dollar value of the maintenance payments and administrative costs for the review sample was \$986,243 in federal financial participation (FFP) for the PUR of which \$15,168 represents maintenance payments and administrative costs for the six (6) error cases with ineligible payments claimed for activities in the PUR. The combined amounts resulted in a dollar error rate of 1.54 per cent. These data indicate Alaska's dollar error rate of 1.54 per cent and the case error rate of four (4) percent are each less than 10 percent.

The Children's Bureau has determined Alaska's title IV-E foster care program is in substantial compliance with federal eligibility requirements for the PUR. Substantial compliance in a secondary review is achieved when either the case error rate or dollar error rate is not more than 10 per cent for the review sample.

The next title IV-E review will be a primary review and it will be held within three years.

### **Case Record Summary**

The following charts record the improper payment cases comprised of error cases, non-error cases with ineligible payments, and underpayments. They also provide the reasons for the

improper payments, the improper payment amounts; and the federal provisions for which the state did not meet the compliance mandates. Note that calculation of improper payments is based on the FFP rates of maintenance payments at the state's Federal Medical Assistance Percentages (FMAP) rates for applicable year(s) for each sample case.

## Error Cases

Sample Number	Improper Payment Reason & Ineligibility Period October 1, 2014 – March 31, 2015	Improper Payments (FFP)
32	Foster care (FC) maintenance payment made while child placed in a foster family home that was not fully licensed. [§§472(b) and (c); 45 CFR §§1355.20 & 1356.71(d)(1)(iv)] <i>Ineligible: 06/05/2014 – 03/08/2015</i>	Maintenance \$3,958.14  Administration \$9,893.00
103	FC maintenance payment made prior to month of judicial finding of contrary to the welfare. The child was placed into foster care on 12/31/2014; the contrary to the welfare requirement was met 01/02/2015. [45 CFR §1356.21(c) & 45 CFR §1356.60(a)(1)(i)] <i>Ineligible: 12/31/2014</i>	Maintenance \$38.77  Administration \$0.00
109	FC maintenance payment made while child placed in a foster family home that was not fully licensed. [§§472(b) and (c); 45 CFR §§1355.20 & 1356.71 (d)(1)(iv)] <i>Ineligible: 09/15/2014 – 10/31/2014</i>	Maintenance \$568.70  Administration \$2,196.00
120	FC maintenance payment made while child placed in a foster family home that was not fully licensed. [§§472(b) and (c); 45 CFR §§1355.20 & 1356.71 (d)(1)(iv)] <i>Ineligible: 11/12/2014 - present</i>  Safety requirements not met for the foster family home while the child was placed in the home. [§§471(a)(20)(A)(i) and (ii); 45 CFR §§1355.20, 1356.30 & 1356.71 (d)(1)(iv)] <i>Ineligible: 11/12/2014 – 03/25/15</i>	Maintenance \$1,385.55.  Administration \$4,438.00
OS-4	FC maintenance payments made for a service provided after child left foster care. [§§472(a)] <i>Ineligible as of: 11/17/2014. Payment made 11/30/2014</i>	Maintenance \$15.38  Administration \$0.00
OS-7	FC maintenance payment made prior to month of judicial finding of contrary to the welfare. The child was placed into foster care on 12/31/2014. The contrary to the welfare requirement was met 01/02/2015. [45 CFR §1356.21(c) & 45 CFR §1356.60(a)(1)(i)] <i>Ineligible: 12/31/2014</i>	Maintenance \$38.77  Administration \$0.00

**Error Cases:**

Total Maintenance FFP	\$6,005.31
<u>Total Administration FFP</u>	<u>\$16,527.00</u>
Total	\$22,532.31

**Non-error Cases with Ineligible Payments**

<b>Sample Number</b>	<b>Improper Payment Reason &amp; Ineligibility Period October 1, 2014 – March 31, 2015</b>	<b>Improper Payments (FFP)</b>
17	FC maintenance payment made when judicial determination of reasonable efforts to finalize permanency plan not timely. The judicial finding was due 02/13/2014 and was made 05/21/2014. [§472(a)(2)(A)(ii) of the Act; 45 CFR §1356.21(b)(2)]  <i>Ineligible: 03/01/2014-04/30/2014</i>	Maintenance \$843.63  Administration \$2,173.00
90	FC maintenance payment made while child placed in a foster family home that became not fully licensed. [§§472(b) and (c); 45 CFR §§1355.20 & 1356.71 (d)(1)(iv)]  <i>Ineligible: 05/23/2014 – 05/31/2014</i>	Maintenance \$124.47  Administration \$0.00
OS-15	FC maintenance payments made while child placed in foster family home located out of state that was not fully licensed. [§§472(b) and (c); 45 CFR §§1355.20 & 1356.719(d)(1)(iv)]  <i>Ineligible: 07/30/2013– 10/30/2013</i>	Maintenance \$326.70  Administration \$1,074.00

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

Total Maintenance FFP	\$1,294.80
<u>Total Administration FFP</u>	<u>\$3,247.00</u>
Total	\$4,541.80

## Underpayment Cases

Sample Number	Improper Payment Reason & Ineligibility Period October 1, 2012 – March 31, 2013	Improper Payments (FFP)
16	FC maintenance payments not claimed for allowable travel expenses for eligible child. [§§472(a)]  <i>Eligible: 07/01/2015 – 07/31/2015</i>	Maintenance \$590.99  Administration \$ 0.00
OS-15	FC maintenance payments not made while child placed in foster family home located out of state that became fully licensed. [§§472(b) and (c); 45 CFR §§1355.20 & 1356.71 (d)(1)(iv)]  <i>Eligible: 11/1/2013 – 11/30/2013</i>	Maintenance \$411.40  Administration \$0.00

### Underpayment Cases:

Total Maintenance FFP	\$1,002.39
<u>Total Administration FFP</u>	<u>\$0.00</u>
Total	\$1,002.39

## Areas Needing Improvement

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

**Issue #1: Ensure correct coding of AFCARS data element 59.** Eighteen (18) cases were excluded from the original sample and replaced with cases from the oversample. An additional two (2) cases were excluded from the oversample. Cases are replaced with a case from the oversample when it is established that a case is coded with a “1” in data element #59, but has not had a maintenance payment for an activity that has taken place during the PUR. 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. The reasons cases were excluded included: title IV-E payments made during the PUR but only for services outside the PUR; no title IV-E payments during the PUR; no services in the PUR charged to title IV-E; and only administrative costs but no maintenance payments during the PUR.

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 is 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 Children's Bureau recommends the title IV-E agency ensure a child's eligibility status and a child's living arrangements are entered into ORCA (Online Resource for the Children of Alaska) in a timely manner. The agency's information system must properly identify changes in a child's eligibility status, so any updates also must be completed timely. Additionally, the agency must properly identify whether title IV-E funds were claimed for activities during the reporting period. Without the correct information about the child's eligibility status, living arrangement, and payments for activities during the PUR, 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 an ongoing, regular basis to ensure the system accurately reflects the funding source for the child.

**Issue #2: Ensure Foster Care Providers are fully licensed.** For 5 cases (error cases 32, 109, 120 and non-error cases 90 and OS-15), foster care maintenance payments were made for a child placed in a home that was not fully licensed. For cases 32, 109, and 120, the state claimed title IV-E maintenance funds for a period prior to the home becoming fully licensed as a foster family home. In error case 120, ineligible payments also were claimed for a period prior to the completion of safety checks.

For cases 90 and OS-15, the state claimed title IV-E maintenance funds for a period of time when the home lost its status of being fully licensed. The state agency must clearly document that the child's foster care placement is fully licensed or approved in order for the child to be eligible under title IV-E.

Title IV-E Requirement: Federal provisions at §472(b) and (c) of the Act and 45 CFR §1355.20 permit FFP for the costs of foster care maintenance for otherwise eligible children placed in licensed or approved foster family homes or childcare institutions. These provisions require that the child's foster care setting be fully licensed or approved in accordance with the state's licensing standards where the foster family home is located. The state agency also must ensure and document that the foster care provider meets the established safety standards before a foster care provider is licensed and before title IV-E foster care maintenance payments are claimed on behalf of a child placed in the foster family home or childcare institution, as required in §471(a)(20)(A) of the Act and 45 CFR §1356.30. For the IV-E review, the state must provide sufficient information to support FFP for a child's foster care placement during the PUR.

Recommended Corrective Action: Alaska should continue to ensure that staff is fully trained and understands that all state licensing criteria must be met prior to claiming title IV-E maintenance payments on behalf of a child placed in the foster care setting.

We recommend Alaska enhance its eligibility monitoring procedures to ensure that title IV-E maintenance payments are not claimed for children placed with caregivers, including relatives, until the caregivers have been fully licensed and criminal background checks have been satisfactorily completed. We further recommend Alaska train eligibility specialists to respond to ORCA notifications regarding foster home licensing status in a timely manner so as not to claim title IV-E when a home becomes not fully licensed for any reason.

We recommend that the state Community Care Licensing office more accurately document when a home is fully licensed or when licensing requirements are not met. While this information is available in ORCA, reviewers noted the periods of licensure on the printed licenses in the files did not always reflect the current status of the license in ORCA.

We suggest Alaska consider updating current naming conventions for its licenses to differentiate between a home that is fully licensed and a home that is provisionally licensed but does not meet all criteria for full licensure. In Alaska, a home receives a “Provisional License” whether it is fully licensed or conditions exist such that it is not fully licensed. Reviewers found this practice both confusing and misleading. This may also be causing confusion for eligibility workers as indicated by the number of error and non-error cases with licensing issues.

### **Additional Program Concerns**

1. **Ensure all Title IV-E eligibility requirements are met before claiming title IV-E.** For two error cases, 103 and OS 7, foster care maintenance payments were made prior to month of judicial finding of contrary to the welfare. For an additional error case, OS4, FC maintenance payments made for a service provided after child left foster care.

#### **Recommended Corrective Action:**

The state should put in place a quality assurance system or an automated edit check in its financial process to ensure title IV-E maintenance payments are not accidentally or mistakenly claimed for a period of time a child is not eligible for title IV-E.

2. The ACF Office of Grants Management staff participating on this review noted two items that Alaska might consider to strengthen fiscal procedures.

#### **Recommended Corrective Actions:**

- **Detailed descriptions of Collocation Codes.** The state appears to have a very detailed and comprehensive process of identifying payments to specific purposes (i.e., collocation codes). As the state continues to move forward with the use and expansion of collocation codes, we recommend detailed descriptions be included in reference documents used by persons who do not possess an in-depth understanding of the state’s accounting/fiscal system (e.g., for IV-E reviews). During the on-site review, there were several instances where additional information was needed because the description provided did not include enough detail to determine the exact nature of the cost. For instance, collocation code 06213686 is labeled “IV-E Administration, NRO FC Special Needs”, but appears to be related to visitation and supervision. While the state staff had a clear understanding of the collocation codes, it is important that enough detail be provided for independent reviewers to be able to understand clearly the nature of the cost.



- **Collocation Code 8888.** Review of the payment history and discussion with Alaska staff revealed that although a title IV-E maintenance payment was cancelled out by collocation code 8888, it still appeared on the payment history as being made (case OS-15). The appearance of these payments on the payment history required further investigation to confirm the actual status of the payment. We recommend that Alaska determine why cancelled payments continued to show on the payment history as being active and develop a procedure to ensure that future cancelled payments are appropriately removed from all relevant systems.

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

During the review, the following positive practices and procedures were observed and are credited with the positive results of Alaska's implementation of program improvements:

#### **Judicial Determinations**

The title IV-E review findings reflected the dedicated efforts between Alaska's Office of Children's Services, the state Court Improvement Project, and the Department of Law to ensure that court proceedings occurred timely and that title IV-E requirements are being met. Reviewers noted that the court order findings are clearly written, timely and specific to individual cases. In all sample cases reviewed, the judicial determinations of reasonable efforts to prevent removal were found in the first order along with the judicial determinations of whether remaining at home was contrary to the child's welfare. In all but one (case 17) of the cases in the sample, permanency hearings, in which judicial findings of reasonable efforts to finalize the permanency plan are obtained, occurred on a timely basis in accordance with federal requirements, and in many instances before the due dates. In all sample cases, the agency maintained responsibility for the care and placement of the child throughout the life of the case.

#### **Income Eligibility and AFDC Documentation**

The AFDC eligibility specialists have access to income verification systems which are used to document and support eligibility decisions. The history of income, deprivation, employment, family supports, and other data was well documented in the AFDC eligibility narrative. The general information is automated and the system calculates if the family meets the AFDC requirements based on the input from the specialist. Reviewers noted that eligibility files were well-organized with supporting documentation showing the search for income. The required determinations for AFDC were consistently and correctly documented in the case records.

#### **Disallowance**

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

Based on the results of the above determinations for the Alaska secondary IV-E review, the total disallowance is \$27,074.11 in FFP.

The payment disallowance includes all unallowable title IV-E foster care maintenance payments and related administrative costs of the error cases and non-error cases. For the 6 error cases determined ineligible for title IV-E foster care maintenance payments for the PUR, the state cannot receive FFP under the title IV-E foster care maintenance program for any periods of ineligibility. 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 \$6,005.31 FFP and the amount of associated unallowable administrative costs is \$16,527.00 in FFP. The ineligible maintenance payments of \$1,294.80 and administrative costs of \$3,247.00 for the 3 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 \$27,074.11.

### **Next Steps**

As part of Alaska's ongoing efforts to improve its title IV-E foster care eligibility determination process, the Children's Bureau recommends examining identified program deficiencies and developing measurable, sustainable strategies that target root causes of issues and concerns hindering the operation of an accurate foster care eligibility program. Appropriate corrective action must be taken in instances of noncompliance with federal laws, regulations and policies.