

STATE OF CONNECTICUT

PERFORMANCE AUDIT DEPARTMENT OF CHILDREN AND FAMILIES

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**AUDITORS OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

This review indicated a possible loss by the State of approximately \$2,045,000 in Federal reimbursement for foster care maintenance payments and administrative costs incurred by the Department of Children and Families (DCF) during the quarter ended March 31, 1999, in support of the Foster Care-Title IV-E program. Assuming that the expenditure amounts and the audit exception rates were the same, the annual loss of State revenue would total approximately \$8,180,000.

Audit Objective:

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have conducted a performance audit of the Department of Children and Families' efforts for obtaining Federal financial assistance for costs expended on behalf of administering the Foster Care-Title IV-E program. Our audit objective was to determine whether a significant amount of potential Federal reimbursement was not collected because the Department (State) failed to properly identify certain children as meeting the eligibility requirements of the Foster Care-Title IV-E program. A concurrent audit objective was to determine whether the Department (State) had controls in place to ascertain that such eligibility requirements were met.

Background:

The Foster Care program is authorized by Title IV-E of the Social Security Act. The objective of the Federal Foster Care-Title IV-E program is to help States provide safe, appropriate, 24-hour, substitute care for children who are under the jurisdiction of the administering State agency and need temporary placement and care outside their homes. Foster family care is a substitute family life experience. It provides for the needs of the child such as medical, nutritional, physical, psychological, educational, religious, and recreational needs as well as for the overall nurturing of the child. Foster care is usually a temporary situation to provide a safe and healthy environment when the child's family is unable to do so.

The State is reimbursed for its incurred foster care costs at rates of 50 percent for foster care maintenance payments and administration costs and 75 percent for training costs. The majority of the foster care maintenance payments are payments made directly to foster homes and other foster care providers for the care of children placed under the Department's protection (supervision). Foster care children placed in the Department's care are considered eligible under the Foster Care-Title IV-E program if they meet the eligibility requirements of the program. The basic eligibility requirements are as follows:

- For children removed by means of a judicial determination, the court action must be initiated within six months of the child's removal and must contain language concerning the child's welfare and that reasonable efforts have been made to prevent the removal.
- For children removed by a voluntary placement agreement, it must be followed within 180 days by a judicial determination to the effect that such placement is in the best interests of the child.
- A child must meet the eligibility requirements of the former Aid to Families with Dependent Children (AFDC) program. The child must be under 18 years old unless the

child is expected to graduate from a secondary educational institution before the child's 19th birthday. *We did note during our review that, for the quarter ended March 31, 1999 (and each of the three succeeding quarters), 66 percent of the children placed in the Department's care met the requirements of the old AFDC program.*

- The provider must be licensed by the proper State Foster Care licensing authority, which is the Department of Children and Families.

A review of the above requirements indicates that the Department or other State agencies have control over assuring that all the requirements are met except for children being eligible for AFDC or the children's age. That is, the Department or other State agencies can obtain court orders with the proper language in a timely manner and place children with licensed providers. However, the Department or other State agencies do not have control over whether a child meets the requirements of AFDC or the child's age.

The Revenue Enhancement Unit of the Department of Children and Families consists of processing technicians who review and determine the Title IV-E eligibility for all children in out-of-home care. The processing technicians utilize the information maintained in the children's case records to make the eligibility determinations. The processing technicians also review the data maintained in the Department's computer system to determine whether foster care providers are licensed. The Revenue Enhancement Unit enters into a computer system the eligibility (IV-E) code that corresponds to the eligibility determinations that were made. *The Revenue Enhancement Unit would assign only one eligibility code to a child for a specific service period.*

We selected 40 transactions that did not receive Federal reimbursement from each of four different groups of children that did not meet the Foster Care-Title IV-E program's eligibility requirements. The sample represented a total of 160 children. Our sample and population of the transactions tested follows:

| Description | Sample Size (Dollars) | Population (Dollars) | Population (Children) |
|--|-----------------------|----------------------|-----------------------|
| Children Placed with Nonreimbursable Foster Care Providers | \$26,894 | \$1,278,164 | 799 |
| Court Actions Obtained at the Time of Removal Do Not Contain "Reasonable Efforts" Language | \$37,874 | \$ 842,580 | 300 |
| Court Orders Documenting Children's Removal Were Not in the Case Record | \$42,238 | \$ 621,040 | 179 |
| Court Orders Were Not Obtained Timely for Children Placed Voluntarily | \$61,272 | \$ 919,866 | 165 |

Results of Review:

Our review disclosed that the Department did not claim all of the Federal reimbursement that could have been allowed due to apparent administrative deficiencies, which the Department or other State agencies should have been able to eliminate. Discussed next is a summary of the basis for the conclusion we reached from our review.

Foster Care Maintenance Payments:

Our review disclosed that the Department could not claim Federal reimbursement for 131 foster care maintenance payments totaling \$138,244 made during the quarter ended March 31, 1999. This occurred because the Department did not have proper procedures in place to determine that certain Federal eligibility requirements in which the Department or other State agencies has control over were met (all requirements except “child’s age” and the “child’s eligibility for AFDC”). That is, if the Department obtained the necessary court orders in a timely manner and placed the children in licensed foster care homes and institutions, the Department would have been able to claim an additional \$64,224 in Federal reimbursement. We also noted that the Department did not claim seven payments totaling \$14,650 made on behalf of children that were placed in the Department’s care by the Probate Court because the Probate Court Orders do not contain the required language.

If the same conditions exist in regard to all the transactions in the population, as our evaluation of the sample indicates is likely, the State would have incurred a loss of approximately \$1,598,853 in Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Assuming that the amount of expenditures and the rate of exception were the same, the annual loss of State revenue would total approximately \$6,395,412. See the Recommendations Section of this report for our recommendations related to these audit exceptions.

We also reviewed foster care payments made during the quarter ended September 30, 2001, to determine whether the Department (State) continued to forego claiming some Federal reimbursement because of similar errors. Our review disclosed such errors continued to occur.

The Department began in February 2002 to review some cases that did not meet the eligibility requirements to determine whether adequate documentation is available that would support a correction to the eligibility status. However, the revenue loss disclosed by our audit for the quarter ended March 31, 1999, can no longer be claimed for Federal reimbursement.

Administrative Costs:

As the result of the deficiencies noted during our test of foster care maintenance payments, the Department could not claim for Federal reimbursement a greater share of administrative costs incurred on behalf of administering the Foster Care-Title IV-E program as allowed in the Department’s Cost Allocation Plan. This is because the number of children that would have been eligible for Federal reimbursement would have increased, which would have produced a larger allocation statistic that would have allowed the Department to claim additional administrative costs for Federal reimbursement. Based on adjusting the DCF Cost Allocation Plan formulas, additional administrative costs totaling \$446,150 could have been claimed for Federal reimbursement. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$1,784,600.

INTRODUCTION

The objective of the Federal Foster Care-Title IV-E program is to help States provide safe, appropriate, 24-hour, substitute care for children who are under the jurisdiction of the administering State agency (Department of Children and Families) because of neglect or abuse or delinquency of the child and remediation of the situation calls for temporary placement and care outside their homes. The Foster Care program is authorized by Title IV-E of the Social Security Act, as amended (42 USC 670 *et seq.*). This program is considered an open-ended entitlement program and allows the State to be funded at a specified percentage (Federal reimbursement) for payments made by the State on behalf of eligible children. The percentages of Federal reimbursement are as follows:

- 50 percent for foster care maintenance payments (board and care payments made to foster care providers for the care of children placed under the Department's protection (supervision));
- 75 percent for expenditures made for training of employees at educational institutions, and short-term training of foster or adoptive parents and members of staff of State-licensed or State-approved child-care institutions; and
- 50 percent for all other allowable administrative expenditures.

Federal Foster Care benefits may be paid on behalf of a child only if all of the following requirements are met:

- a. Foster Care maintenance payments are allowable only if the foster child was removed from his or her home by means of a judicial determination or pursuant to a voluntary placement agreement, as defined in 42 USC 672(f) (42 USC 672(a)).

- (1) If the removal was by judicial determination, the court action must have been initiated within six months of the child's removal from the home of a specified relative (42 USC 672(a)) and must contain language to the effect that: (i) the child's remaining at home would be contrary to his or her welfare, and (ii) reasonable efforts have been made to prevent the removal and to make it possible for the child to safely return home (42 USC 672(a)).

- (2) If the removal was by a voluntary placement agreement, it must be followed within 180 days by a judicial determination to the effect that such placement is in the best interests of the child (42 USC 672(e)).

- b. A child must meet the eligibility requirements of the former Aid to Families with Dependent Children (AFDC) program (i.e., meet the State-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act). Unless the child is expected to graduate from a secondary educational institution before his or her 19th birthday, eligibility ceases at the child's 18th birthday (42 USC 672(a)).

As part of determining whether the child met the requirements of the old AFDC program, the Department verifies that the child was living with a specified relative within six months of the court petition to remove the child or the voluntary placement agreement, the child was deprived of parental support, and the child met the financial need requirement.

- c. The provider, whether a foster family home or a child-care institution, must be licensed by the proper State Foster Care licensing authority (42 USC 672(b) and (c)).

The Department's Revenue Enhancement Unit performs the eligibility determinations for each child that is placed in the Department's care. The Revenue Enhancement Unit consists of processing technicians who complete a Title IV-E Eligibility/Reimbursability Worksheet for each child placed in the Department's care. The Worksheet includes the applicable eligibility requirements that the child must meet for the child to be eligible for Federal reimbursement under Title IV-E. The processing technicians utilize the information maintained in the children's case records and the licensing information maintained in the Department's computer system to make the eligibility determinations. The processing technicians would determine what IV-E Code should be assigned to each child based on whether the child meets all the eligibility requirements or based on the reason why the child did not meet an eligibility requirement of the Foster Care-Title IV-E program. Only one IV-E Code would be assigned to a child for a specific service period even if more than one code was applicable.

The Department's training and all other allowable administrative expenditures are allocated to the Foster Care-Title IV-E program in accordance with the Department's Federally approved Cost Allocation Plan (CAP). The CAP formulas for allocating costs are based, among other things, on the proportion of foster care children placed in the Department's care that meet the eligible but not reimbursable requirements of the Foster Care-Title IV-E program. In most cases, a child is considered eligible but not reimbursable when the child meets all the Foster Care-Title IV-E requirements except that the child was not placed in a licensed home or that the court action did not contain language concerning "reasonable efforts."

The Department claims reimbursement of its expenditures incurred in support of the Foster Care-Title IV-E program from DHHS. The expenditures reported would include the foster care maintenance payments that meet the eligibility and reimbursability requirements of the Foster Care-Title IV-E program and the training and all other administrative expenditures allocated to Foster Care-Title IV-E through the Department's Cost Allocation Plan. The Department uses quarterly reports to accumulate the number of children by IV-E Code and these totals are used in the Cost Allocation Plan formulas for allocating Department administration costs. The claim is submitted on a quarterly basis and includes the current quarter expenditures and any adjustments made to the previous seven quarters.

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

Audit Objective:

The Auditors of Public Accounts, in accordance with Section 2-90 of the Connecticut General Statutes, are responsible for examining the performance of State entities to determine their effectiveness in achieving expressed legislative purposes. We conducted a performance audit of some aspects of the Department of Children and Families' process for claiming Federal reimbursement for expenditures incurred by the Department as part of administering the Foster Care-Title IV-E program. The audit was conducted in accordance with *Government Auditing Standards* and covered effectiveness issues, which is a type of performance audit.

Our audit objective was to determine whether a significant amount of potential Federal reimbursement was not collected because the Department (State) failed to properly identify certain children as meeting the eligibility requirements of the Foster Care-Title IV-E program. A concurrent audit objective was to determine whether the Department (State) had controls in place to ascertain that such eligibility requirements were met.

Scope:

Our audit consisted of reviewing a sample of the eligibility determinations made by the Department's Revenue Enhancement Unit for those foster care maintenance payments that did not meet the Federal eligibility requirements of the Foster Care-Title IV-E program. The same was limited to expenditures that were paid during the quarter ended March 31, 1999, to providers on behalf of children placed in the Department's care.

We reviewed the eligibility determination worksheets prepared by the Revenue Enhancement Unit and the supporting documentation included in the case records. As part of reviewing the eligibility determinations, we verified whether the IV-E Code assigned to the child was appropriate. We did not test the conclusions reached by the Revenue Enhancement Unit that all the other Federal requirements necessary for the child to be eligible for Federal reimbursement were or were not met.

Methodology:

We considered the transactions that were paid during the quarter ended March 31, 1999, and that were not claimed for Federal reimbursement as of the quarter ended December 31, 2000. The Federal regulations allows the Department to include in its claim prepared for the quarter ended December 31, 2000, all expenditures that were made from the quarter ended March 31, 1999, to the quarter ended December 31, 2000. The aforementioned Federal guidelines, provides that to be eligible for Federal funding claims must be submitted within two years after the calendar quarter in which the State made the expenditure. Accordingly, the expenditures made during the quarter ended March 31, 1999, were specifically selected for testing because it was the final chance the Department had to claim these expenditures for Federal reimbursement. We randomly selected a total of 160 expenditures made by the Department on behalf of program beneficiaries during the quarter ended March 31, 1999, that were not claimed for Federal reimbursement.

We grouped the expenditures paid during the quarter ended March 31, 1999, on behalf of children who did not meet the eligibility requirements by the IV-E Code assigned by the Revenue Enhancement Unit. There were 28 different IV-E Codes for which Federal reimbursement was not obtained that were used during the quarter ended March 31, 1999. We grouped these 28 IV-E codes into 19 groups that were similar with respect to the reason for not meeting the eligibility requirements of the Foster Care-Title IV-E program. We judgmentally selected four of the groups for audit testing purposes.

A description of each IV-E Code (group) that was selected for testing follows:

Code 207 - The child was placed with a provider, whether a foster family home or a child-care institution, that was not reimbursable.

Code 201 - The child was removed from the home as a result of a judicial

determination; however, the court action did not contain language to the effect that reasonable efforts have been made to prevent the removal and to make it possible for the child to safely return home.

Codes 301/405 - The child's removal was not documented by either the initiation of a court action within six months of the child's removal from the home or a voluntary placement agreement.

Code 319 - The child was removed from the home pursuant to a voluntary placement agreement; however, the removal was not followed within 180 days by a judicial determination to the effect that such placement is in the best interests of the child.

Initially, in choosing the universe of transactions from which our sample was selected, we removed from the four groups selected for testing miscellaneous payments and any credits that were included on the report. In addition, we determined that any payments that exceeded \$10,000 to be significant. We removed these significant transactions from the population and included them as part of our audit test. Our test did disclose a loss in revenue for one of the two significant items tested. However, this exception is not included with the results of our review for simplicity purposes. Below is a table providing the total population and sample sizes of the foster care maintenance payments related to our audit. The potential loss of direct Federal reimbursement of foster care maintenance payments is based on 50 percent of the total expenditure population. Indirect Federal reimbursement for administrative or training costs are not included in this table.

| IV-E Code | Total Expenditure Population | Potential Loss In Direct Federal Reimbursement | Total Child Population | Total Children Sampled | Expenditure Sample |
|------------------|-------------------------------------|---|-------------------------------|-------------------------------|---------------------------|
| 207 | \$ 1,278,164 | \$639,082 | 799 | 40 | \$26,894 |
| 201 | \$ 842,580 | \$421,290 | 300 | 40 | \$37,874 |
| 301/405 | \$ 621,040 | \$310,520 | 179 | 40 | \$42,238 |
| 319 | \$ 919,866 | \$459,933 | 165 | 40 | \$61,272 |

Subsequent Review:

In addition to our primary transactions that occurred in the quarter ended March 31, 1999, we reviewed foster care maintenance payments coded to the IV-E codes tested that were made during the quarter ended September 30, 2001. This review was performed to determine whether the Department (State) continued to have children placed with unlicensed providers or whether court orders with the required language were not obtained in a timely manner. We sampled foster care expenditures that were for service periods that began after April 1, 2001, and whose corresponding eligibility determinations were performed after April 1, 2001. Our sample was based on ten expenditures for each IV-E code tested except for IV-E Code 319, which did not have any payments that met our criteria. Our review was limited to determining whether the children selected for testing were new placements beginning after April 1, 2001. This would indicate that there continues to be deficiencies in obtaining timely court orders and placing children with licensed providers.

RESULTS OF REVIEW

Item 1: Nonreimbursable Foster Care Providers

The Department had children placed in foster homes that were not properly licensed. This resulted in the loss of Federal financial assistance.

Title 42 Section 672 Paragraph (b) and Paragraph (c) of the United States Code provides that foster care benefit payments made on behalf of a foster child are allowable for Federal reimbursement under the Foster Care-Title IV-E program if the foster child was placed with a provider, whether a foster family home or a child-care institution, which was licensed by the proper State Foster Care licensing authority. The Department of Children and Families has been designated as the proper State Foster Care licensing authority for the State of Connecticut. The licensing information is maintained in the Department's computer system, which is used by the Revenue Enhancement Unit to determine whether the child met the eligibility requirements of Foster Care-Title IV-E.

The Department, as specified within Section 17a-114 of the General Statutes, is responsible for the licensure of persons that provide foster care services for children served by the Department. Foster home licenses are generally in force for a two-year period. The Department conducts an assessment of any applicant for a foster family license or for the renewal of such a license. The assessment shall determine the ability of the applicant to comply with the requirements of Sections 17a-145-130 through 17a-145-160, inclusive, of the Regulations of Connecticut State Agencies. Such assessment shall include, but not necessarily be limited to, the physical condition of the home, the health of the applicant and other members of the household, and the ability of the applicant to provide an environment that will advance the physical, mental, emotional, educational and societal development of each foster or adoptive child who may be placed in such home. The licensing process is performed within the Foster and Adoption Services Unit (FASU) in each respective region. A worker from the region completes a standard form, which appears to address the required licensing data, for each applicant. A license to care for or board a child shall be issued by the Department if the applicant meets the applicable licensing requirements.

We sampled 40 foster care maintenance payments totaling \$26,894 (\$13,447 at the 50 percent Federal reimbursement rate) that were paid to providers on behalf of children placed in the Department's care that were coded as not being Federally reimbursable because the Department's computer system did not indicate that the providers were licensed for the service period tested. The service period consists of the number of days a child is placed with a foster care provider for which the payment was made. Our test disclosed that the Department did not claim, due to apparent administrative deficiencies on the part of the Department, Federal reimbursement for 37 foster care maintenance payments totaling \$25,352 out of the 40 payments tested. Further review of these 37 payments, which were not claimed for Federal reimbursement because the children were not placed with licensed providers, disclosed the following:

- Twenty-four foster care maintenance payments totaling \$15,682 were made on behalf of children who met the requirements of the old AFDC program and who had the necessary court orders in the case records. However, the Department did not claim foster care

maintenance payments totaling \$7,841 (at the 50 percent Federal reimbursement rate) for Federal reimbursement because the foster care maintenance payments were made on behalf of children placed with unlicensed foster care providers. We were informed that this occurred for various reasons including failure to complete license renewals in a timely manner and failures of caseworkers to notify the licensing unit when placing children in a home.

- Thirteen foster care maintenance payments totaling \$9,670 were made on behalf of children placed with licensed providers and who met the requirements of the old AFDC program and the necessary court orders were in the case records. However, in eight of these 13 cases, the computer system did not indicate that the eight providers were licensed for the service period tested apparently because clerical errors resulted in incorrect or untimely entry of licensing information into the computer system. In the other five cases, the computer system had the correct information but improper eligibility determinations were made by the staff of the Revenue Enhancement Unit. As a result the Department did not claim foster care maintenance payments totaling \$4,835 (at the 50 percent Federal reimbursement rate) for Federal reimbursement.

To determine the significance of our sample, we extrapolated the results to the entire population. In order to do this, we calculated what the total error would be if the 37 audit exceptions totaling \$25,352 (\$12,676 at the 50 percent Federal reimbursement rate) reflects the actual total number of errors that would be found in the entire population if we were to test all of the transactions in the entire population. The resulting projection indicated that the State failed to qualify for \$602,439 in possible Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Since we used a random sample, we believe our extrapolation of the sample results to the population is reasonable. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$2,409,756. The extrapolated quarterly amount was calculated based on the Federal reimbursement rate as follows: (*sample error* [\$12,676] Divided By *sample size* [\$13,447] Multiplied By *population amount* [\$639,082]).

The Department should review unlicensed homes in a timely manner so that the necessary corrections to the foster home licenses can be made, if appropriate, to ensure the maximum allowed Federal reimbursement can be claimed. (See Recommendation 1.)

Item 2: Court Action does not Contain Language Concerning Reasonable Efforts

The Department did not have court orders or affidavits in the children's case records that indicated whether reasonable efforts were made or could not be made to prevent children's removals from the home. This resulted in the loss of Federal financial assistance.

Title 42 Section 672 Paragraph (a) of the United States Code provides that foster care benefits are allowable for Federal reimbursement under the Foster Care-Title IV-E program for any foster child who was removed from his or her home by means of a judicial determination, whenever the

court action contains language to the effect that reasonable efforts have been made to prevent the removal and to make it possible for the child to safely return home. The court orders and affidavits are maintained in the Department's case records, which are used by the Revenue Enhancement Unit to determine whether the child met the Foster Care-Title IV-E program's eligibility requirements.

The Department's Program and Policy Manual provides that the major goals of DCF include maintaining the child within a family setting and providing a temporary or permanent nurturing and safe environment for children. To achieve these goals, DCF requires that reasonable efforts be made in every case to prevent unnecessary placement or to return the child to the family, as required by Federal law. Reasonable efforts require:

- services to families/children which would prevent out-of-home placement or allow reunification with the family, and
- documentation by DCF of the above services that will enable the court to make a judicial determination that reasonable efforts were made.

Examples of some of the intensive family preservation/ reunification services that might be used to prevent out-of-home placement and to facilitate reunification of children in out-of-home care with their families include intensive family preservation services, twenty-four (24) hour emergency caretaker and homemaker services, day care, crisis counseling, individual and family counseling, emergency shelters, self-help groups, services to unmarried parents, provision of, or arrangements for, mental health services, drug and alcohol abuse counseling and services for foster parents.

The Manual also provides that the burden of proof in a reasonable efforts determination rests with DCF because the State seeks to remove the child from the home. DCF must, therefore, submit specific, accurate and comprehensive information to the court to form the basis for a judicial determination of reasonable efforts. The documents used to present this information are Reasonable Efforts Affidavits, Summary of Facts (a factual history of the case), and Social Study (a summary of important case information). A copy of the court's reasonable efforts determination, along with a DCF affidavit, if applicable, must be kept in the legal section of the child's case record. The court order or affidavit is used by the Revenue Enhancement Unit as the basis for determining whether the child met the Federal requirement concerning "reasonable efforts." The court, based on the information submitted by DCF, shall determine if the Department's actions conformed to one of the following:

- Reasonable efforts to prevent or eliminate the need for removal of the child/youth were made by the State.
- Reasonable efforts to prevent or eliminate the need for removal of said child/youth from the home were not possible.
- Reasonable efforts were not made.

We sampled 40 foster care maintenance payments totaling \$37,874 (\$18,937 at the 50 percent Federal reimbursement rate) out of a population of \$842,580 that were paid to providers on behalf of children placed in the Department's care that were coded as not being Federally

reimbursable because the court actions did not contain language to the effect that reasonable efforts were made or could not be made to prevent a child's removal from the home. Our test disclosed that the Department did not claim, due to apparent administrative deficiencies on the part of the Department or other State agencies, Federal reimbursement for 33 foster care maintenance payments totaling \$19,334 out of the 40 payments tested. Further review of these 33 payments, which were not claimed for Federal reimbursement because the court actions did not include the required language concerning "reasonable efforts," disclosed the following:

- Twenty-eight foster care maintenance payments totaling \$16,578 were made on behalf of children who met the requirements of the old AFDC program. However, the Department did not claim foster care maintenance payments totaling \$8,289 (at the 50 percent Federal reimbursement rate) for Federal reimbursement because the necessary court actions were not documented in the case records or because, in one instance, was not properly dated. We were informed that 14 instances occurred because of court errors. We were not provided convincing explanations in regard to the cause of the remaining 14 errors.
- Five foster care maintenance payments totaling \$2,756 that should have been claimed for Federal reimbursement were coded incorrectly by the Revenue Enhancement Unit or the court orders with the required language were placed in the case records subsequent to the eligibility determinations. As a result the Department did not claim foster care maintenance payments totaling \$1,378 (at the 50 percent Federal reimbursement rate) for Federal reimbursement.

For those 14 exceptions in which the Department did not provide an adequate explanation that would indicate the cause for not obtaining "reasonable efforts," we could not determine whether reasonable efforts to prevent the removal were made or could not be made in 12 instances because the court orders or affidavits were not fully completed. The court orders and affidavits each contain three boxes indicating whether reasonable efforts to prevent the removal (1) were made, (2) were not possible, or (3) were not made. However, our review of 12 of the 14 exceptions disclosed that one of the three boxes on the court orders or affidavits were not checked off. For the remaining two exceptions, the applicable court orders or affidavits were not in the case records.

Extrapolating the 33 audit exceptions totaling \$19,334 (\$9,667 at the 50 percent Federal reimbursement rate) to the entire population would indicate a loss by the State of \$215,061 in Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$860,244. The extrapolated quarterly amount was calculated based on the Federal reimbursement rate as follows: (*sample error* [\$9,667] Divided By *sample size* [\$18,937] Multiplied By *population amount* [\$421,290]).

Our audit also disclosed five foster care maintenance payments totaling \$13,464 out of the 40 payments tested were made on behalf of children placed in the Department's care by the Probate Court (see Item 5).

The Department should immediately review court orders to determine whether the court orders contain the proper language concerning "reasonable efforts" so that revisions to the

court orders can be made, if necessary and appropriate, to ensure the maximum allowed Federal reimbursement can be claimed. (See Recommendation 2.)

Item 3: Court Action Was Not Initiated Within Six Months Of A Child's Removal

The Department did not always have court orders dated within six months of children's removals from their homes in the case records. This resulted in the loss of Federal financial assistance.

Title 42 Section 672 Paragraph (a) of the United States Code provides that foster care benefits are allowable for Federal reimbursement under the Foster Care-Title IV-E program for any foster child who was removed from his or her home by means of a judicial determination, and the court action was initiated within six months of the child's removal from the home. The court orders are maintained in the Department's case records, which are used by the Revenue Enhancement Unit to determine whether the child met the Foster Care-Title IV-E program's eligibility requirements.

Section 17a-101g of the Connecticut General Statutes provides that DCF may remove a child without the consent of the child's parent or guardian if DCF has probable cause to believe that immediate removal from the child's surroundings is necessary to ensure the child's safety. The removal of the child shall not exceed ninety-six hours. If the child is not returned home within such ninety-six-hour period, with or without protective services, the Department shall proceed in accordance with Section 46b-129 of the Statutes.

Section 46b-129 of the Connecticut General Statutes provides that DCF may file with the Superior Court, which has venue over such matter, a verified petition plainly stating such facts as bring the child or youth within the jurisdiction of the court as neglected, uncared-for, or dependent, and requesting appropriate action by the court. If it appears from the specific allegations of the petition that there is reasonable cause to believe that (1) the child is suffering from serious physical illness or injury or is in immediate physical danger from his surroundings and (2) that as a result of said conditions, the child's safety is endangered and immediate removal from such surroundings is necessary to ensure the child's safety, the court has two choices. The court shall either (A) issue an order to the parents or other person having responsibility for the care of the child or youth to appear at such time as the court may designate to determine whether the court should vest in some suitable agency or person the child's or youth's temporary care and custody pending disposition of the petition, or (B) issue an order vesting in some suitable agency or person the child's or youth's temporary care and custody.

The Department's Program and Policy Manual recognizes that the court's role is in determining the merits of the case and in protecting the rights of the parties. It is the court's role to hear cases concerning children where the allegations are that they have been neglected, abused, uncared-for; there is a petition for termination of parental rights; the child is delinquent; a child is from a family with service needs; there is a contested transfer of guardianship from Probate; or emancipation is being sought. It is the sole prerogative of the judge to make the legal determination of status in terms of neglect, abuse and delinquency.

The Manual also states that it is the responsibility of DCF to initiate proceedings before the court, in accordance with the Statutes and public policy of the State. The Department files petitions and seeks appropriate intervention by the court to protect children and to meet their needs. The Department shall provide the court with sufficient evidence to support the pleadings and then provides the court with the necessary social study to support a disposition that will be in the best interest of the child.

We sampled 40 foster care maintenance payments totaling \$42,238 (\$21,119 at the 50 percent Federal reimbursement rate) out of a population of \$621,040 that were paid to providers on behalf of children placed in the Department's care that were coded as not being Federally reimbursable as a result of court actions that were not initiated within six months of the children's removals from their homes. Our test disclosed that the Department did not claim, due to apparent administrative deficiencies on the part of the Department or other State agencies, Federal reimbursement for eight foster care maintenance payments totaling \$13,298 out of the 40 payments tested. Further review of these eight payments, which were not claimed for Federal reimbursement because timely court orders were not in the children's case records, disclosed the following:

- Four payments totaling \$10,458 were made on behalf of children who met the requirements of the old AFDC program. However, the Department did not claim foster care maintenance payments totaling \$5,229 (at the 50 percent Federal reimbursement rate) for Federal reimbursement because timely court orders were not in the children's case records. We were not provided convincing explanations in regard to the cause of these four errors.
- Four foster care maintenance payments totaling \$2,840 that should have been claimed for Federal reimbursement were coded incorrectly by the Revenue Enhancement Unit or the court orders were placed in the case records subsequent to the eligibility determinations. For three of these four cases, the court actions did not contain the "reasonable efforts" language (see Item 2). As a result the Department did not claim Federal reimbursement in the amount of \$1,420 (at the 50 percent Federal reimbursement rate).

Extrapolating these eight audit exceptions totaling \$13,298 (\$6,649 the 50 percent Federal reimbursement rate) to the entire population would indicate a loss by the State of \$97,762 in Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$391,048. The extrapolated quarterly amount was calculated based on the Federal reimbursement rate as follows: (*sample error* [\$6,649] Divided By *sample size* [\$21,119] Multiplied By *population amount* [\$310,520]).

Our test also disclosed a potential loss in Federal reimbursement for an additional eight foster care maintenance payments totaling \$19,762 out of the 40 payments tested due to apparent administrative deficiencies related to not having timely court orders in the children's case records. However, we could not determine whether the children met the requirements of the old AFDC program because the AFDC information was not completed on the eligibility worksheets.

We did note that, for the quarter ended March 31, 1999 (and each of the three succeeding quarters), 66 percent of the children placed in the Department's care met the requirements of the old AFDC program. We were informed that the proper court was not on file in one instance because of court error. One foster care maintenance payment was coded incorrectly by the Revenue Enhancement Unit because the child was initially placed by a voluntary placement agreement but a court order was not obtained within 180 days of the agreement (see Item 4). We were not provided convincing explanations in regard to the cause of the remaining six errors.

Extrapolating these eight audit exceptions totaling \$19,762 (\$9,881 at the 50 percent Federal reimbursement rate) to the entire population would indicate a loss by the State of \$95,887 in Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$383,548. The extrapolated quarterly amount was calculated based on the Federal reimbursement rate as follows: (*sample error* [\$9,881] Divided By *sample size* [\$21,119] Multiplied By *population amount* [\$310,520] Multiplied By *percent of children meeting AFDC* [66 percent]).

Our audit also disclosed two foster care maintenance payments totaling \$1,186 out of the 40 payments tested were made on behalf of children placed in the Department's care by the Probate Court (see Item 5).

The Department should obtain copies of court orders for children placed in its care and file the orders in the children's case records so that a proper eligibility determination can be performed to ensure the maximum allowed Federal reimbursement can be claimed. (See Recommendation 3.)

Item 4: Untimely Court Action For Children Removed By Voluntary Agreements

Court orders were not obtained within 180 days of the signed voluntary placement agreements between the Department and the children's parents or legal guardians, which resulted in the loss of Federal financial assistance.

Title 42 Section 672 Paragraph (e) of the United States Code provides that foster care benefits are allowable for Federal reimbursement under the Foster Care-Title IV-E program for any foster child removed from his or her home pursuant to a voluntary placement agreement, and the removal was followed within 180 days by a judicial determination to the effect that such placement is in the best interests of the child. The court orders and voluntary placement agreements are maintained in the Department's case records, which are used by the Revenue Enhancement Unit to determine whether the child met the Foster Care program's eligibility requirements.

Section 17a-11 of the Connecticut General Statutes provides that DCF may admit into its care on a voluntary basis any child or youth. Application for voluntary admission shall be made in writing by the parent or guardian. Not more than 120 days after admitting a child or youth on a

voluntary basis, DCF shall petition the court as to whether continuation in care is in the child's best interest. Upon receipt of such application, the court shall set a time and place for a hearing to be held within 30 days of receipt of application, unless continued by the court.

The DCF Program and Policy Manual provides that a voluntary placement shall not exceed 90 days. If the parent or guardian requests an extension, the worker must request an extension from a DCF Regional Administrator giving a full explanation and justification of the appropriateness of continuing the voluntary placement for an additional 30 days. No child shall remain in voluntary placement beyond 120 days without a court determination that continuing in placement is in the child's best interest. The Department has no authority to hold a child simply because a petition has been filed; therefore, petitions should be filed by the 90th day. Prompt notification to the Assistant Attorney General will allow the attorney to seek court approval or an agreement with the parent's attorney for continued custody. If such an approval is not obtained, custody cannot be maintained.

We sampled 40 foster care maintenance payments totaling \$61,272 (\$30,636 at the 50 Federal reimbursement rate) out of a population \$919,866 that were paid to providers on behalf of children placed in the Department's care that were coded as not being Federally reimbursable because the court actions were not initiated within 180 days of the voluntary placement agreements. Our test disclosed that the Department did not claim Federal reimbursement for 34 foster care maintenance payments totaling \$51,448 out of the 40 payments tested due to apparent administrative deficiencies on the part of the Department or other State agencies. Further review of these 34 payments, which were not claimed for Federal reimbursement because court orders were not initiated within 180 days of the voluntary placement agreements, disclosed the following:

- Thirty-three payments totaling \$50,728 were made on behalf of children who met the requirements of the old AFDC program. However, the Department did not claim foster care maintenance totaling \$25,364 (at the 50 percent Federal reimbursement rate) for Federal reimbursement because the necessary court orders were not obtained within 180 days of the voluntary placement agreements or because in one instance, the agreement was not signed. Regarding the 32 not obtained within 180 days, we were informed that court orders were not obtained timely in eight instances because the Department filed court petitions late and/or court delays and in two instances because of court errors. Also, court orders were not obtained in a timely manner in three instances because extensions to the voluntary placement agreements were filed. We were not provided convincing explanations in regard to the cause of the remaining 19 errors.
- One foster care maintenance payment for \$720 was coded incorrectly by the Revenue Enhancement Unit. The child met all the other Title IV-E requirements. As a result, the Department did not claim Federal reimbursement in the amount of \$360 (at the 50 percent Federal reimbursement rate). We could not determine whether the coding error was the result of a clerical error made by the Revenue Enhancement Unit or whether the court order was placed in the child's case record subsequent to the eligibility determination.

Extrapolating these 34 audit exceptions totaling \$51,448 (\$25,724 at the 50 percent Federal reimbursement rate) to the entire population would indicate a loss by the State of \$386,190 in Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$1,544,760. The extrapolated quarterly amount was calculated based on the Federal reimbursement rate as follows: (*sample error* [\$25,724] Divided By *sample size* [\$30,636] Multiplied By *population amount* [\$459,933]).

Our test also disclosed a potential loss in Federal reimbursement for an additional four foster care maintenance payments totaling \$9,050 out of the 40 payments tested due to apparent administrative deficiencies because court actions were not initiated within 180 days of the voluntary placement agreement. However, we could not determine whether the children met the requirements of the old AFDC program because the AFDC information was not completed on the eligibility worksheets. We did note that, for the quarter ended March 31, 1999 (and each of the three succeeding quarters), 66 percent of the children placed in the Department's care met the requirements of the old AFDC program. We were not provided convincing explanations in regard to the cause for not obtaining timely court orders for these four errors.

Extrapolating these four audit exceptions totaling \$9,050 (\$4,525 at the 50 percent Federal reimbursement rate) to the entire population would indicate a loss by the State of \$44,835 in Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$179,340. The extrapolated quarterly amount was calculated based on the Federal reimbursement rate as follows: (*sample error* [\$4,525] Divided By *sample size* [\$30,636] Multiplied To *population amount* [\$459,933] Multiplied By *percent of children meeting AFDC* [66 percent]).

The Department should obtain court orders for children placed in its care by voluntary placement agreements within 180 days of the agreements and file the orders in the case records to ensure the maximum allowed Federal reimbursement can be claimed. (See Recommendation 4.)

Item 5: Children Placed With The Department By The Probate Court

The Department did not claim Federal reimbursement for foster care maintenance payments made on behalf of children placed in the Department's care by the Probate Court system.

Foster Care maintenance payments are allowable only if the foster child was removed from his or her home by means of a judicial determination and the court action must contain language to the effect that the child's remaining at home would be contrary to his or her welfare and reasonable efforts have been made to prevent the removal and to make it possible for the child to safely return home (42 USC 672(a)).

Our tests of foster care maintenance payments included in Item 2 and Item 3 disclosed children

were placed with the Department by the Probate Court. However, the foster care maintenance costs that were incurred on behalf of these children were not claimed for Federal reimbursement because the judicial determinations received from the Probate Court do not contain the necessary language that is required to meet the Foster Care-Title IV-E eligibility requirements.

Item 2 consisted of a sample of 40 foster care maintenance payments totaling \$37,874 (\$18,937 at the 50 percent Federal reimbursement rate) and a population of foster care maintenance payments totaling \$842,580 (\$421,290 at the 50 percent Federal reimbursement rate). Item 3 consisted of a sample of 40 foster care maintenance payments totaling \$42,238 (\$21,119 at the 50 percent Federal reimbursement rate) and a population of foster care maintenance payments totaling \$621,040 (\$310,520 at the 50 percent Federal reimbursement rate).

Our test of foster care maintenance payments included in Item 2 and Item 3 disclosed five foster care maintenance payments totaling \$13,464 and two foster care maintenance payments totaling \$1,186, respectively, that were made to foster care providers on behalf of children placed with DCF by the Probate Court. These payments were not claimed for Federal reimbursement because the Probate Court Orders did not contain the language required per Federal regulations. Six of the seven children met the requirements of the old AFDC program. For one of the children (payment of \$722) tested as part of Item 3, we could not determine whether the child met the requirements of the old AFDC program. We did note that, for the quarter ended March 31, 1999 (and each of the three succeeding quarters), 66 percent of the children placed in the Department's care met the requirements of the old AFDC program.

Extrapolating these seven audit exceptions totaling \$14,650 (\$7,325 at the 50 percent Federal reimbursement rate) to the populations of Item 2 and Item 3 separately would indicate a total loss by the State of \$156,679 in Federal reimbursement for foster care maintenance payments that were made during the quarter ended March 31, 1999. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$626,716. The extrapolated amount was calculated based on the same formulas used in Item 2 and Item 3, as applicable.

The Department should establish procedures to ensure that children placed in its care by the Probate Court can be claimed, if appropriate, for Federal reimbursement. (See Recommendation 5.)

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| <p>Item 6: Federal Reimbursement For Administrative Costs Was Not Claimed</p> |
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| <p>The Department did not claim Federal reimbursement for administrative costs associated with those children who did not meet the reimbursability requirements of the Foster Care-Title IV-E program.</p> |
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The Department's approved Cost Allocation Plan allows the Department to claim Federal reimbursement for administrative costs associated with children who meet the *eligibility and reimbursability* requirements of the Foster Care-Title IV-E program. In addition, the approved

CAP also allows the Department to claim for Federal reimbursement administrative costs associated with those children who meet the *eligibility* requirements of the program but do not meet the *reimbursability* requirements of the program. In most cases, a child is considered eligible but not reimbursable if the child meets all the Foster Care-Title IV-E requirements except the child was not placed in a licensed home or the court action did not contain language concerning “reasonable efforts.”

The number of children used in the CAP formulas is based on a three month average of children that were in placement on the first of each month in a quarter. The CAP formulas are based on, among other calculations, a proportion of children who meet the eligibility but not reimbursability requirements of the Foster Care-Title IV-E program.

Our review of the foster care maintenance payments disclosed a number of children who would have met the eligibility requirements of the Foster Care-Title IV-E program if the Department had obtained and filed the necessary documentation in the children’s case records in a timely manner. As a result the Department would have been able to claim for Federal reimbursement a greater share of the administrative costs incurred on behalf of administering the Foster Care-Title IV-E program. Therefore, if the Department obtained and filed the court orders in the case records in a timely manner, the number of children not eligible for Federal reimbursement would have been reduced. Conversely this would have increased the number of children that would have been eligible for Federal reimbursement, which would have produced a larger allocation statistic. The larger allocation statistic would have allowed the Department to claim additional administration costs for Federal reimbursement.

Based on adjusting the DCF Cost Allocation Plan formulas with the extrapolated error totals from Items 1 through 5, the Department could have claimed for Federal reimbursement additional administrative costs incurred on behalf of administering the Foster Care-Title IV-E program totaling \$446,150. Assuming that the expenditure amount and the exception rate were the same, the annual loss of State revenue would total approximately \$1,784,600.

A recommendation is not needed because the loss in Federal reimbursement for the administrative expenditures incurred by the Department was a direct result of children not meeting the requirements of the Foster Care Title IV-E program (see Item 3 and Item 4).

Subsequent Audit Review

Administrative deficiencies in obtaining timely and proper court orders and placing children with licensed providers continued to be noted for children placed after April 1, 2001.

We reviewed foster care maintenance payments made during the quarter ended September 30, 2001, that were included on the Federal claim submitted for reimbursement for the quarter ended September 30, 2001. This review was performed to determine whether there were children coded to the four tested IV-E codes during the quarter ended September 30, 2001. Our review was limited to determining the start of the children’s placement in the Department’s care. This

was done by reviewing the date of placement entered in the Department's computer system. We did not review the case records of the children selected. We only wanted to determine whether the children coded to the four groups of IV-E codes selected for testing were new placements, which would indicate that there continues to be deficiencies in obtaining timely court orders and placing children with licensed providers.

We reviewed a sample of payments that had eligibility determinations that were completed for service periods that started after April 1, 2001. Our review disclosed children who began their placement in the Department care after April 1, 2001. Therefore, it can be concluded that the Department continues to have children placed in its care that do not meet the Foster Care-Title IV-E eligibility requirements because the Department apparently does not have court orders with the required language in the children's case records and children continued to be placed with unlicensed providers.

NOTEWORTHY ACCOMPLISHMENTS

The Office of Foster and Adoption Services implemented a corrective action plan in October 2000 to track all providers in need of licensure or relicensure. The Department informed us that 285 providers were identified as being unlicensed in October 2000. The Department also informed us that it was able to correct this problem by March 2001. Further, effective March 2002, the Revenue Enhancement Unit began to notify the Office of Foster Care and Adoption Services of any unlicensed homes during the Title IV-E eligibility determinations or redeterminations process. We encourage the Department to continue its efforts to ensure homes are properly licensed, which should satisfy the concerns presented in the “Results of Review” section of this report as Item 1.

The Department began in February 2002 to review some cases that did not meet the eligibility requirements of the Foster Care-Title IV-E program to determine whether adequate documentation is available that would support a correction to the eligibility status. However, at the time our review was initiated, the Department was not performing its current review. Any changes to claims made to expenditures incurred by the Department prior to June 30, 2000, cannot be claimed for Federal reimbursement. Nevertheless, we encourage the Department to continue its efforts to obtain the necessary documentation, which should satisfy the concerns presented in the “Results of Review” section of this report as Item 2 and possibly Item 3 and Item 4. In addition, these efforts could correct other IV-E codes that were not tested as part of this review.

The Department, in conjunction with the Judicial Department and the Office of the Attorney General, updated the Judicial Reasonable Efforts Policy and Procedures effective April 8, 2002. The Office of the Attorney General, in conjunction with the Department’s Legal Division, has assumed responsibility for reviewing each court order for proper “reasonable efforts” language. The Office of the Attorney General will file timely motions to obtain “reasonable efforts” findings if “reasonable efforts” findings were not made on the original documents. On an ongoing basis, the Revenue Enhancement Unit will notify the Office of the Attorney General of those cases that do not have proper legal documentation. The Revenue Enhancement Unit will also provide periodic lists to the DCF Legal Division of those cases identified with Title IV-E legal issues. In addition, we were informed that the Chief Administrative Judge for the Juvenile Court has directed all Juvenile Court judges to properly document their “reasonable efforts” findings in a timely manner on the appropriate court order forms. We encourage the Department to continue its efforts to ensure the timely receipt of court orders with the proper language, which should satisfy the concerns presented in the “Results of Review” section of this report as Item 2 and possibly Item 3.

The Department is finalizing the Voluntary Services Program policy, which will reinforce the DCF case workers responsibility to petition the court, if appropriate, within 120 days of the child’s admission to the Voluntary Services Program that it is in the best interest of the child to remain in the Department’s care. We encourage the Department to continue this process as these efforts should satisfy the concerns presented in the “Results of Review” section of this report as Item 4.

The Department is currently working with the Probate Court to modify the court orders to include the necessary Title IV-E language. We encourage the Department to continue this process as these efforts should satisfy the concerns presented in the “Results of Review” section of this report as Item 5.

Changes were proposed to the State Statutes that requires the court to make a formal determination of the reasonable efforts made to prevent the removal of a child from his or her home within sixty days of the removal and to determine whether such removal is in the best interest of the child. These changes will ensure that all court orders, including Probate Court orders, contain the requisite “reasonable efforts to prevent the removal” language. The changes to the Statutes were approved per Public Act 02-7 and became effective on August 15, 2002. These changes to the State Statutes could satisfy the concerns presented in the “Results of Review” section of this report as Item 2 and Item 5.

AGENCY RESPONSE

“The Department agrees with the recommendations in items 1 – 5 of this audit report and appreciates the Auditors’ inclusion of a “Noteworthy Accomplishments” section that delineates the steps the Department has taken to date to resolve the outstanding issues noted in the report.”

RECOMMENDATIONS

- 1. The Department should review unlicensed homes in a timely manner so that the necessary corrections to the foster home licenses can be made, if appropriate, to ensure the maximum allowed Federal reimbursement can be claimed.**

Comment:

The Department had some children placed in foster homes that were not properly licensed. As a result the Department could not claim Federal reimbursement for the foster care maintenance costs made to the providers on behalf of children placed in the Department's care. If the conditions noted during our test of the quarter ended March 31, 1999, existed throughout the year, the annual estimated loss in State revenue would be \$2,409,756 in foster care maintenance payments.

- 2. The Department should immediately review court orders to determine whether the court orders contain the proper language concerning "reasonable efforts" so that revisions to the court orders can be made, if necessary and appropriate, to ensure the maximum allowed Federal reimbursement can be claimed.**

Comment:

The Department did not always have court orders or affidavits in the children's case records that indicated whether reasonable efforts were made or could not be made to reunite the children with the children's parents. As a result the Department could not claim Federal reimbursement for the foster care maintenance costs made to the providers on behalf of children placed in the Department's care. If the conditions noted during our test of the quarter ended March 31, 1999, existed throughout the year, the annual estimated loss in State revenue would be \$860,244 in foster care maintenance payments.

- 3. The Department should obtain copies of court orders for children placed in its care and file the orders in the children's case records so that a proper eligibility determination can be performed to ensure the maximum allowed Federal reimbursement can be claimed.**

Comment:

The Department did not always have court orders dated within six months of children's removals from their homes in the children's case records. As a result the Department could not claim Federal reimbursement for the foster care maintenance costs made to the providers on behalf of children placed in the Department's care. In addition, the Department could not claim related administrative costs. If the conditions noted during our test of the quarter ended March 31, 1999, existed throughout the year, the annual estimated loss in State revenue would be \$774,596 in foster care maintenance payments and \$438,836 in administrative costs.

- 4. The Department should obtain court orders for children placed in its care by voluntary placement agreements within 180 days of the agreements and file the orders in the case**

records to ensure the maximum allowed Federal reimbursement can be claimed.

Comment:

The Department did not always obtain court orders within 180 days of signed voluntary placement agreement between the Department and the children's parents or legal guardians. As a result, the Department could not claim Federal reimbursement for the foster care maintenance costs made to the providers on behalf of children placed in the Department's care. In addition, the Department could not claim related administrative costs. If the conditions noted during our test of the quarter ended March 31, 1999, existed throughout the year, the annual estimated loss in State revenue would be \$1,724,100 in foster care maintenance payments and \$1,345,764 in administrative costs.

5. The Department should establish procedures to ensure that children placed in its care by the Probate Court can be claimed, if appropriate, for Federal reimbursement.

Comment:

The Department did not claim Federal reimbursement for foster care maintenance payments on behalf of children placed in the Department's care by the Probate Court system. If the conditions noted during our test of the quarter ended March 31, 1999, existed throughout the year, the annual estimated loss in State revenue would be \$626,716 in foster care maintenance payments.

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Children and Families during the course of our examination.

Frank LaRosa
Principal Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts