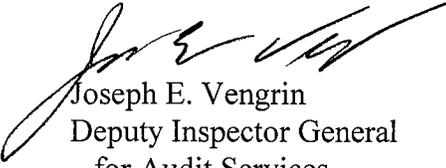




FEB - 6 2007

TO: Joan E. Ohl
Commissioner, Administration for Children, Youth and Families
Administration for Children and Families

FROM: 
Joseph E. Vengrin
Deputy Inspector General
for Audit Services

SUBJECT: Review of Connecticut's Title IV-E Adoption Assistance Costs for State
Fiscal Years 2002 Through 2004 (A-01-06-02506)

Attached is an advance copy of our final report on Connecticut's Title IV-E adoption assistance costs for State fiscal years (SFY) 2002 through 2004. We will issue this report to the Connecticut Department of Children and Families (the State agency) within 5 business days.

In accordance with Title IV-E of the Social Security Act, the Federal Government shares in the States' costs of adoption assistance payments for children who meet supplemental security income (SSI) requirements or other specific requirements. To meet the SSI requirements, a child must be disabled, his or her household income must be below a specified ceiling, and he or she must be under a specific age. Children who do not meet the SSI requirements may still be eligible for Federal reimbursement if they meet other specific requirements. One of these is that the income of the child's family at the time the child was removed from the home does not exceed the ceiling for the former Aid to Families with Dependent Children (AFDC) program (as in effect on July 16, 1996). Children who meet AFDC eligibility requirements qualify for Title IV-E assistance if their removal from the home was based on either:

- a voluntary placement agreement, provided that the child is actually receiving Title IV-E foster care payments, or
- a judicial determination obtained within 6 months of the child's removal from the home (for children removed before October 2000) demonstrating that continuation in the home would be contrary to the child's welfare.

In Connecticut, the State agency is responsible for administering the Title IV-E foster care and adoption assistance programs. During SFYs 2002 through 2004, the State agency claimed

approximately \$75.5 million (\$37.7 million Federal share) in Title IV-E adoption assistance payments.

Our objective was to determine whether the State agency complied with Federal eligibility requirements in claiming adoption assistance payments for Federal reimbursement.

The State agency complied with Federal eligibility requirements in claiming adoption assistance payments for 702 of the 1,000 children whose cases we reviewed for SFY 2002. However, the remaining 298 children did not meet Federal eligibility requirements. None of these children met the SSI requirements, nor did any of them meet all of the other requirements for Federal reimbursement. Specifically, 196 children did not meet AFDC income eligibility requirements at the time they were removed from their homes, and 102 children did not have evidence of the required voluntary placement agreement or the judicial determination that continuation in the home would be contrary to their welfare. The State agency continued to claim adoption assistance payments for all 298 ineligible children in SFY 2003 and for 294 of these children in SFY 2004.

The State agency claimed adoption assistance payments for ineligible children because it did not always follow its established procedures for ensuring that claims met Federal requirements. As a result, the State agency overclaimed \$4.3 million (Federal share) in adoption assistance payments for SFYs 2002 through 2004.

We recommend that the State agency:

- make a financial adjustment of \$2.8 million on its next Federal Quarterly Report of Expenditures for children who did not meet AFDC income eligibility requirements,
- work with ACF to resolve \$1.5 million in overpayments for children who did not meet either voluntary placement or judicial determination requirements, and
- conduct reviews of adoption assistance payments claimed after our review to ensure compliance with Federal reimbursement requirements.

In its comments on our draft report, the State agency concurred with our recommendations.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Joseph J. Green, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through e-mail at Joe.Green@oig.hhs.gov. Please refer to report number A-01-06-02506.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

FEB - 8 2007

Office of Audit Services
Region I
John F. Kennedy Federal Building
Boston, MA 02203
(617) 565-2684

Report Number: A-01-06-02506

Ms. Darlene Dunbar
Commissioner
Department of Children and Families
Department of Health and Human Services
505 Hudson Street, 10th Floor
Hartford, Connecticut 06106

Dear Ms. Dunbar:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) final report entitled "Review of Connecticut's Title IV-E Adoption Assistance Costs for State Fiscal Years 2002 Through 2004." A copy of this report will be forwarded to the HHS action official noted on the next page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. § 552, as amended by Public Law 104-231), OIG reports issued to the Department's grantees and contractors are made available to the public to the extent the information is not subject to exemptions in the Act that the Department chooses to exercise (see 45 CFR part 5).

Should you have any questions or comments about this report, please do not hesitate to call me, or contact George Nedder, Audit Manager, at (617) 565-3463 or through e-mail at George.Nedder@oig.hhs.gov. Please refer to report number A-01-06-02506 in all correspondence.

Sincerely yours,

Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosures

Direct Reply to HHS Action Official:

Hugh Galligan
Regional Administrator
Administration for Children and Families, Region 1
U.S. Department of Health and Human Services
JFK Federal Building, Room 2000
Boston, Massachusetts 02203

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF CONNECTICUT'S
TITLE IV-E ADOPTION
ASSISTANCE COSTS FOR
STATE FISCAL YEARS
2002 THROUGH 2004**



Daniel R. Levinson
Inspector General

February 2007
A-01-06-02506

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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Notices

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



EXECUTIVE SUMMARY

BACKGROUND

The U.S. Department of Health and Human Services, Administration for Children and Families (ACF), administers the foster care and adoption assistance programs in accordance with Title IV-E of the Social Security Act. As it does in the foster care program, the Federal Government shares in the States' costs of adoption assistance payments for eligible children. Eligible children must meet supplemental security income (SSI) requirements or other specific requirements. To meet the SSI requirements, a child must be disabled, his or her household income must be below a specified ceiling, and he or she must be under a specific age. Children who do not meet the SSI requirements may still be eligible for Federal reimbursement if they meet other specific requirements. One of these requirements is that the income of the child's family at the time the child was removed from the home does not exceed the ceiling for the former Aid to Families with Dependent Children (AFDC) program (as in effect on July 16, 1996). Children who meet AFDC eligibility requirements qualify for Title IV-E assistance if their removal from the home was based on either:

- a voluntary placement agreement, provided that the child is actually receiving Title IV-E foster care payments, or
- a judicial determination obtained within 6 months of the child's removal from the home (for children removed before October 2000) demonstrating that continuation in the home would be contrary to the child's welfare.

In Connecticut, the Department of Children and Families (the State agency) is responsible for administering the Title IV-E foster care and adoption assistance programs. During State fiscal years (SFY) 2002 through 2004, the State agency claimed approximately \$75.5 million (\$37.7 million Federal share) in Title IV-E adoption assistance payments.

OBJECTIVE

Our objective was to determine whether the State agency complied with Federal eligibility requirements in claiming adoption assistance payments for Federal reimbursement.

SUMMARY OF FINDINGS

The State agency complied with Federal eligibility requirements in claiming adoption assistance payments for 702 of the 1,000 children whose cases we reviewed for SFY 2002. However, the remaining 298 children did not meet Federal eligibility requirements. None of these children met the SSI requirements, nor did any of them meet all of the other requirements for Federal reimbursement. Specifically, 196 children did not meet AFDC income eligibility requirements at the time they were removed from their homes, and 102 children did not have evidence of the required voluntary placement agreement or the judicial determination that continuation in the home would be contrary to their welfare.

The State agency continued to claim adoption assistance payments for all 298 ineligible children in SFY 2003 and for 294 of these children in SFY 2004.

The State agency claimed adoption assistance payments for ineligible children because it did not always follow its established procedures for ensuring that claims met Federal requirements. As a result, the State agency overclaimed \$4.3 million (Federal share) in adoption assistance payments for SFYs 2002 through 2004.

RECOMMENDATIONS

We recommend that the State agency:

- make a financial adjustment of \$2.8 million on its next Federal Quarterly Report of Expenditures for children who did not meet AFDC income eligibility requirements,
- work with ACF to resolve \$1.5 million in overpayments for children who did not meet either voluntary placement or judicial determination requirements, and
- conduct reviews of adoption assistance payments claimed after our review to ensure compliance with Federal reimbursement requirements.

STATE AGENCY'S COMMENTS

In its comments on our draft report, the State agency concurred with our recommendations. The State agency's comments are included in their entirety as the Appendix.

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STATE AGENCY’S COMMENTS	

INTRODUCTION

BACKGROUND

Title IV-E Foster Care and Adoption Assistance Programs

The U.S. Department of Health and Human Services, Administration for Children and Families (ACF), administers the foster care and adoption assistance programs in accordance with Title IV-E of the Social Security Act (the Act). The foster care program helps States provide proper care for children who need placement in a foster home or an institution. The adoption assistance program helps States encourage the adoption of hard-to-place children.

As it does in the foster care program, the Federal Government shares in the States' costs of adoption assistance payments for eligible children. To qualify for Federal reimbursement, children must meet supplemental security income (SSI) requirements or other specific requirements. To meet the SSI requirements, a child must be disabled, his or her household income must be below a specified ceiling, and he or she must be under a specific age. Children who do not meet the SSI requirements may still be eligible for Federal reimbursement if they meet other specific requirements. One of these requirements is that the income of the child's family at the time the child was removed from the home does not exceed the ceiling for the former Aid to Families with Dependent Children (AFDC) program (as in effect on July 16, 1996). Children who meet AFDC eligibility requirements qualify for Title IV-E assistance if their removal from the home was based on either:

- a voluntary placement agreement, provided that the child is actually receiving Title IV-E foster care payments, or
- a judicial determination obtained within 6 months of the child's removal from the home (for children removed before October 2000) demonstrating that continuation in the home would be contrary to the child's welfare.

Title IV-E Federal Reimbursement in Connecticut

In Connecticut, the Department of Children and Families (the State agency) is responsible for administering the Title IV-E foster care and adoption assistance programs. The State agency provides subsidy payments (ranging from \$687 to \$1,332 per month) to all families that adopt foster care children. To claim costs for Title IV-E reimbursement, the State agency submits a quarterly claim to the Federal Government.

The Federal share of Connecticut's adoption assistance program is 50 percent of the costs incurred for children who meet Federal eligibility requirements. During State fiscal years (SFY) 2002 through 2004, the State agency claimed approximately \$75.5 million (\$37.7 million Federal share) in Title IV-E adoption assistance payments.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency complied with Federal eligibility requirements in claiming adoption assistance payments for Federal reimbursement.

Scope

We reviewed the eligibility of children for whom the State agency claimed Title IV-E adoption assistance costs in SFY 2002 (July 2001 through June 2002). We limited our review to 1,000 of the 2,774 claims that the State agency submitted for reimbursement in SFY 2002. We selected the 1,000 claims because they had the highest dollar amounts, totaling \$5.2 million, for children removed from their homes before 2000. For ineligible children identified in SFY 2002, we determined whether the State agency continued to claim payments in SFYs 2003 and 2004 (July 2002 through June 2004).

We limited our consideration of the State agency's internal control policies and procedures to obtaining an understanding of the process that it used to claim adoption assistance payments for reimbursement for the 3 years that ended in June 2004.

We performed our fieldwork at the State agency in Hartford, Connecticut, from February through August 2006.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal laws and regulations,
- reviewed applicable ACF program and policy announcements,
- reconciled total adoption assistance payments that the State agency claimed in SFY 2002 to individual supporting claims,
- reviewed eligibility case files for 1,000 claims that the State agency submitted for Federal reimbursement in SFY 2002, and
- determined whether the agency continued to claim payments during SFYs 2003 and 2004 for ineligible children identified in our SFY 2002 review by reconciling the amounts that the State agency claimed for Federal reimbursement in these years to individual supporting claims.

We conducted our audit in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

The State agency complied with Federal eligibility requirements in claiming adoption assistance payments for 702 of the 1,000 children whose cases we reviewed for SFY 2002. However, the remaining 298 children did not meet Federal eligibility requirements. None of these children met the SSI requirements, nor did any of them meet all of the other requirements for Federal reimbursement. Specifically, 196 children did not meet AFDC income eligibility requirements at the time they were removed from their homes, and 102 children did not have evidence of the required voluntary placement agreement or the judicial determination that continuation in the home would be contrary to their welfare.

The State agency continued to claim adoption assistance payments for all 298 ineligible children in SFY 2003 and for 294 of these children in SFY 2004.

The State agency claimed adoption assistance payments for ineligible children because it did not always follow its established procedures for ensuring that claims met Federal requirements. As a result, the State agency overclaimed \$4.3 million (Federal share) in adoption assistance payments for SFYs 2002 through 2004.

FEDERAL REQUIREMENTS

Sections 473(a) and (c) of the Act establish adoption assistance eligibility requirements, and ACF's "Child Welfare Policy Manual" provides guidance on these requirements. Specifically, a child is eligible for Title IV-E adoption assistance payments if the child is eligible for SSI or meets other specific requirements. One of these requirements is that the income of the child's family at the time the child was removed from the home did not exceed the ceiling for the former AFDC program (as in effect on July 16, 1996). Children who meet AFDC eligibility requirements qualify for Title IV-E assistance if their removal from the home was based on either:

- a voluntary placement agreement, provided that the child is actually receiving Title IV-E foster care payments, or
- a judicial determination obtained within 6 months of the child's removal from the home (for children removed before October 2000) demonstrating that continuation in the home would be contrary to the child's welfare.

CLAIMS FOR INELIGIBLE CHILDREN

Of the 1,000 State agency claims for Federal adoption assistance in SFY 2002 that we reviewed, 298 (30 percent) were for children who were not eligible. None of the ineligible children met the SSI requirements. In addition:

- Our review of adoption assistance, foster care, and AFDC case records found that the families of 196 children had incomes that exceeded the specified ceiling at the time the child was removed from the home. Therefore, these children did not meet AFDC income

eligibility requirements. Of the 196 children, 121 were ineligible solely because they did not meet the AFDC income eligibility requirements. The remaining 75 children were ineligible because they met neither the AFDC eligibility requirements nor the removal requirements.

- An additional 102 children did not have evidence of the required voluntary placement agreement or the judicial determination that continuation in the home would be contrary to their welfare. The State agency could not locate case files for 60 of the 102 children. Our review of the case files for the remaining 42 children found no evidence that the State agency had obtained a voluntary placement agreement or a judicial determination.

The State agency continued to claim adoption assistance payments for all 298 ineligible children in SFY 2003 and for 294 of these children in SFY 2004.

POLICIES AND PROCEDURES

The State agency claimed adoption assistance payments for ineligible children because it did not always follow its established procedures for ensuring that claims met Federal requirements. Specifically:

- Social workers did not always verify AFDC income eligibility.
- The State agency did not always maintain the necessary documentation for either a voluntary placement or a judicial determination within 6 months of the child's removal from the home.

State officials informed us that the State agency had made numerous changes to the adoption eligibility determination process in 2000, including centralizing the process. Under the new centralized process, one group of individuals makes all eligibility determinations to better ensure consistency throughout the State. As a result, the State agency believes that the errors that we found—all of which were in claims for children determined eligible and adopted before 2000—are much less likely to occur now.

ADOPTION ASSISTANCE PAYMENTS CLAIMED

As a result of claiming adoption assistance payments for ineligible children, the State agency overclaimed \$4.3 million (Federal share) as follows:

- \$2.8 million for children who did not meet AFDC income eligibility requirements and
- \$1.5 million for children who did not meet judicial determination requirements.

RECOMMENDATIONS

We recommend that the State agency:

- make a financial adjustment of \$2.8 million on its next Federal Quarterly Report of Expenditures for children who did not meet AFDC income eligibility requirements,
- work with ACF to resolve \$1.5 million in overpayments for children who did not meet either voluntary placement or judicial determination requirements, and
- conduct reviews of adoption assistance payments claimed after our review to ensure compliance with Federal reimbursement requirements.

STATE AGENCY'S COMMENTS

In its comments on our draft report, the State agency concurred with our recommendations. The State agency's comments are included in their entirety as the Appendix.

APPENDIX



DEPARTMENT of CHILDREN and FAMILIES
Making a Difference for Children, Families and Communities



Darlene Dunbar, MSW
Commissioner

M. Jodi Rell
Governor

January 10, 2007

Mr. Michael J. Armstrong
Regional Inspector General for Audit Services
Office of the Inspector General
Department of Health and Human Services
John F. Kennedy Federal Building
Boston, MA 02203

Dear Mr. Armstrong:

I am writing to you in response to the Office of the Inspector General (OIG) December 2006 draft report entitled "Review of Connecticut's Title IV-E Adoption Costs for State Fiscal years 2002 through 2004." The Department of Children and Families reviewed the draft report and offers the following information related to the recommendations contained on page 5.

Recommendation: Make a financial adjustment of \$2.8 million on the next Federal Quarterly Report of Expenditures for children who did not meet the AFDC income eligibility requirements.

Response: We concur with the recommendation and will make the adjustment in the QE December 31, 2006 IV-E 1.

Recommendation: Work with ACF to resolve \$1.5 million in overpayments for children who did not meet judicial determination requirements.

Response: We concur with the recommendation and will work with ACF.

Recommendation: Conduct reviews of adoption assistance payments claimed subsequent to the OIG review to ensure compliance with Federal reimbursement requirements.

Response: We concur with the recommendation and have established a quality assurance position to conduct such reviews.

If you need additional information, please contact Kathy Bannon of my staff at (203) 427-2854.

STATE OF CONNECTICUT

505 Hudson Street, Hartford, Connecticut 06106-7107

www.state.ct.us/def

An Equal Opportunity Employer

Sincerely,

A handwritten signature in black ink, appearing to read 'Darlene Dunbar', with a long horizontal flourish extending to the right.

Darlene Dunbar
Commissioner, Department of Children and Families

cc: Brian Mattiello
Kathleen Bannon
Gregory Messner
Mike O'Reilly