



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

Office of Audit Services  
Region I  
John F. Kennedy Federal Building  
Room 2425  
Boston, MA 02203  
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December 16, 2010

Report Number: A-01-10-02507

Mr. Angelo McClain  
Commissioner  
Department of Children and Families  
24 Farnsworth Street  
Boston, MA 02210

Dear Mr. McClain:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Massachusetts' Title IV-E Adoption Assistance Subsidy Payments for Children 18 Years or Older for the Period October 1, 2005 Through September 30, 2008*. We will forward a copy of this report to the HHS action official noted on the following 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 this 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>

If 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 email at [George.Nedder@oig.hhs.gov](mailto:George.Nedder@oig.hhs.gov). Please refer to report number A-01-10-02507 in all correspondence.

Sincerely,

/Michael J. Armstrong/  
Regional Inspector General  
for Audit Services

Enclosure

**Direct Reply to HHS Action Official:**

Mr. Richard Borseti  
Grants Management Officer  
Office of Grants Management  
Administration for Children and Families  
U.S. Department of Health and Human Services, Region I  
JFK Federal Building  
Room 2000  
Boston, MA 02203

Department of Health & Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF MASSACHUSETTS'  
TITLE IV-E ADOPTION  
ASSISTANCE SUBSIDY PAYMENTS  
FOR CHILDREN 18 YEARS OR  
OLDER FOR THE PERIOD  
OCTOBER 1, 2005 THROUGH  
SEPTEMBER 30, 2008**



Daniel R. Levinson  
Inspector General

December 2010  
A-01-10-02507

# *Office of Inspector General*

<http://oig.hhs.gov>

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

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

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Pursuant to Title IV-E of the Social Security Act, the Department of Health and Human Services, Administration for Children and Families (ACF), administers the foster care and adoption assistance programs. For children who meet Title IV-E requirements, ACF provides the Federal share of States' costs for subsidy payments.

In Massachusetts, the Department of Children and Families (the State agency) is solely responsible for the Title IV-E program. A child is either eligible for a federally funded Title IV-E adoption subsidy payments or state funded payments. The determination is made by the State agency prior to the child's adoption becoming legalized. For a child who is eligible for Title IV-E adoption subsidy payments, a negotiation of benefits occurs between the identified pre-adoptive family and the State agency. Subsidy payments are terminated when the child has attained the age of 18. However, the State may extend subsidy payments to the age of 21 with a letter from a professional provider noting the child has a mental or physical handicap. The State agency consolidates the negotiated benefits and submits Quarterly Reports of Expenditures and Estimates (Forms ACF-IV-E-1) to ACF to claim Federal funding.

Our review covered 272 children who received adoption subsidy payments past the age of 18 during the period October 2005 through September 2008 and whose adoption costs were claimed for Federal reimbursement under Title IV-E.

### **OBJECTIVE**

Our objective was to determine whether the State agency complied with Federal eligibility requirements for claiming children over the age of 18.

### **SUMMARY OF FINDING**

The State agency complied with the requirements for claiming adoption subsidy payments for 249 of the 272 children over the age of 18. However, the State agency incorrectly claimed adoption subsidy payments for 22 children that did not have a letter from a professional provider documenting a mental or physical handicap. In addition, the State agency claimed adoption subsidy payments for one child past the age of 21. As a result, the State agency's Federal claim was overstated by \$109,198. These deficiencies occurred because the State agency did not follow its established procedures.

## **RECOMMENDATIONS**

We recommend that the State agency:

- make a financial adjustment of \$109,198 on its next Federal quarterly expenditure report for the children identified as ineligible and
- ensure that its procedures are followed.

## **STATE AGENCY COMMENTS**

In comments to our draft report, the State agency acknowledged that incorrect claims were submitted on behalf of 23 children. The State Agency's comments are included in their entirety as Appendix B.

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## **INTRODUCTION**

### **BACKGROUND**

#### **Title IV-E Adoption Assistance Program**

Pursuant to Title IV-E of the Social Security Act (the Act), the Department of Health and Human Services, Administration for Children and Families (ACF), administers the foster care and adoption assistance programs. The adoption assistance program helps States encourage the adoption of children with special needs and the Federal Government shares in the States' costs of adoption assistance payments for eligible children.

ACF provides funds to States to facilitate the timely placement of children, whose special needs or circumstances would otherwise make it difficult to place, with adoptive families. For children who meet Title IV-E adoption assistance requirements, funds are available for a one-time payment to assist with the costs of adopting a child as well as for monthly subsidy payments to adoptive families to assist with the care of the eligible child.

The adoption assistance program provides Federal matching funds of 50 to 83 percent, depending on the state's per capita income. The Federal share of subsidy costs is based on each State's Federal rate for Title XIX (Medicaid) expenditures. The Federal share of Massachusetts' subsidy costs is 50 percent.

#### **Massachusetts' Title IV-E Program**

In Massachusetts, the Department of Children and Families (the State agency) is solely responsible for the Title IV-E program. A child is either eligible for a federally funded Title IV-E adoption subsidy payments or state funded payments. The determination is made by the State agency prior to the child's adoption becoming legalized. For a child who is eligible for Title IV-E adoption subsidy payments, a negotiation of benefits occurs between the identified pre-adoptive family and the State agency. Subsidy payments are terminated when the child has attained the age of 18. However, the State may extend subsidy payments to the age of 21 with a letter from a professional provider noting the child has a mental or physical handicap. The State agency consolidates the negotiated benefits and submits Quarterly Reports of Expenditures and Estimates (Forms ACF-IV-E-1) to ACF to claim Federal funding.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine whether the State agency complied with Federal eligibility requirements for claiming children over the age of 18.

### **Scope**

We reviewed adoption assistance case records for 272 children who received adoption subsidy payments past the age of 18 during the period October 2005 through September 2008, for the 1,500 highest claims paid during FY 2006 (October 2005 through September 2006). We limited our consideration of the State agency's internal controls to obtaining an understanding of the process used to determine a child's eligibility upon turning the age of 18.

We performed our field work at the State agency in Boston, Massachusetts in August and September 2010.

### **Methodology**

To accomplish our objective, we:

- reviewed applicable Federal laws and regulations and ACF program and policy announcements;
- reconciled total adoption subsidy payments that the State agency claimed in FY 2006, 2007, and 2008;
- identified 272 children who received adoption subsidy payments past the age of 18 during the period October 2005 through September 2008;
- determined the total dollar value of all Title IV-E adoption subsidy payments for services provided to children that were ineligible to be claimed past the age of 18 and 21 respectively (Appendix); and
- discussed our results with State officials and Regional ACF officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **FINDINGS AND RECOMMENDATION**

The State agency complied with the requirements for claiming adoption subsidy payments for 249 of the 272 children over the age of 18. However, the State agency incorrectly claimed adoption subsidy payments for 22 children that did not have a letter from a professional provider documenting a mental or physical handicap. In addition, the State agency claimed adoption subsidy payments for one child past the age of 21. As a result, the State agency's Federal claim was overstated by \$109,198. These deficiencies occurred because the State agency did not follow its established procedures.

### **AGE REQUIREMENTS**

Section 473(a)(4)(A) of the Act states that "no payment may be made to parents with respect to any child who has attained the age of eighteen (or, where the State determines that the child has a mental or physical handicap which warrants the continuation of assistance to the age of twenty-one)."

The State agency determines that a child has a mental or physical handicap by requesting the adoptive family to provide a letter from a professional provider noting the child's current mental or physical handicaps.

### **UNALLOWABLE SUBSIDY COST CLAIMED FOR CHILDREN OVER THE AGE OF 18**

The State agency incorrectly claimed adoption subsidy payments for 23 children past the age of 18. Specifically, the State agency claimed adoption subsidy payments for:

- 22 children past the age of 18 that did not have a mental or physical handicap documented, for a total Federal share of \$106,566. For example, one child's case records did not show evidence of a letter from a professional provider noting a physical or mental handicap upon reaching the age of 18. However, the State agency continued to claim the child for 19 months after the child turned 18, for a total Federal share of \$5,402.
- 1 child past the age of 21 where the State agency continued to claim adoption subsidy payments for 6 months after the child turned 21, for a total Federal share of \$2,632.

As a result, the State agency's Federal claim was overstated by \$109,198. (See Appendix for details on the 23 children.)

## **RECOMMENDATIONS**

We recommend that the State agency:

- make a financial adjustment of \$109,198 on its next Federal quarterly expenditure report for the children identified as ineligible and
- ensure that its procedures are followed.

## **STATE AGENCY COMMENTS**

In comments to our draft report, the State agency acknowledged that incorrect claims were submitted on behalf of 23 children. The State agency indicated that its procedures for both verifying the presence of required conditions related to Title IV-E eligibility and for claiming Adoption Assistance costs to the Title IV-E program needed improvement. The State agency stated that a more rigorous quality assurance review has been implemented. The State Agency's comments are included in their entirety as Appendix B.

# **APPENDIXES**

**APPENDIX A - TITLE IV-E ADOPTION SUBSIDY COSTS CLAIMED FOR 23 CHILDREN**

**22 CHILDREN OVER THE AGE OF 18**

<b>Error Number</b>	<b>Date of Birth</b>	<b>Date of 18<sup>th</sup> Birthday</b>	<b>Date of Discharge From Adoption Assistance</b>	<b>Federal Share of Subsidy Costs at Age 18 or Older</b>
1	2/6/1987	2/6/2005	8/31/2006	\$ 5,817
2	10/11/1989	10/11/2007	6/15/2009	5,402
3	2/19/1988	2/19/2006	6/30/2007	6,894
4	8/14/1990	8/14/2008	6/15/2009	3,026
5	6/24/1988	6/24/2006	6/15/2009	8,769
6	7/25/1987	7/25/2005	5/30/2007	8,084
7	10/5/1985	10/5/2003	8/30/2006	3,983
8	5/25/1988	5/25/2006	5/25/2008	8,590
9	2/13/1989	2/13/2007	2/28/2009	7,653
10	4/12/1990	4/12/2008	4/30/2008	129
11	3/24/1989	3/24/2007	6/30/2007	922
12	4/16/1989	4/16/2007	6/15/2009	8,064
13	8/10/1989	8/10/2007	6/30/2008	3,310
14	7/15/1988	7/15/2006	6/15/2009	10,838
15	3/10/1990	3/10/2008	3/31/2008	137
16	11/25/1989	11/25/2007	11/25/2008	3,704
17	1/9/1990	1/9/2008	2/28/2009	4,223
18	4/21/1989	4/21/2007	3/31/2008	3,447
19	3/13/1989	3/13/2007	6/15/2009	8,330
20	11/3/1986	11/3/2004	10/31/2006	4,090
21	7/7/1989	7/7/2007	9/15/2007	544
22	11/21/1989	11/21/2007	1/31/2008	609
<b>Total</b>				<b>\$ 106,566<sup>1</sup></b>

**1 CHILD OVER THE AGE OF 21**

<b>Error Number</b>	<b>Date of Birth</b>	<b>Date of 21<sup>st</sup> Birthday</b>	<b>Date of Discharge From Adoption Assistance</b>	<b>Federal Share of Subsidy Costs at Age 21 or Older</b>
1	3/24/1987	3/24/2008	9/15/2008	\$ 2,632
<b>Total</b>				<b>\$ 2,632</b>

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<sup>1</sup> Amount rounded to the nearest dollar.

APPENDIX B - STATE AGENCY COMMENTS

Page 1 of 1



Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
**Department of Children and Families**

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Angelo McClain  
Commissioner

December 6, 2010

Mr. Michael J. Armstrong  
Regional Inspector General for Audit Services - Region I  
John F Kennedy Federal Building  
Room 2425  
Boston, MA 02203

Report Number: A-01-10-02507  
Review of MA Title IV-E Adoption Assistance Subsidy Payments for Children 18 years or Older for the Period October 1, 2005 through September 30, 2008

Dear Mr. Armstrong:

MA Department of Children & Families (MA DCF) is in receipt of the draft report on the audit referenced above. Departmental staff have reviewed the report and submit the following as our comments to the recommendations included in this report.

MA DCF acknowledges that incorrect claims were submitted on behalf of 23 children, all over the age of 18 during the audit period October 2005 – September 2008. The inclusion of these incorrect claims to the federal Title IV-E Adoption Assistance (AA) program represents a gap in our internal controls and a need to improve and refine the procedures for both verifying the presence of required conditions related to Title IV-E eligibility and for claiming AA costs to the Title IV-E program.

During the period under review, DCF submitted Title IV-E adoption assistance claims of \$76.9M on behalf of approximately 5,000 children per quarter. The \$109,198 of federal reimbursement submitted on behalf of the 23 children age 18 or older represents only 0.14 of a percent of the total dollars claimed during the period under review.

Although the audit results reveal an accuracy rate of 99.86%, the review did identify some areas where existing processes and procedures – both manual and automated – need improvement. DCF has implemented many of these improvements already and has also implemented a more rigorous quality assurance review.

Please refer any questions to Ellen Finnegan, MA DCF at 617-748-2069.

Sincerely,

A handwritten signature in cursive script that reads "Angelo McClain".

Angelo McClain, PhD, LICSW  
Commissioner, MA DCF

Cc: Virginia Peel, General Counsel, MA DCF  
Mary Gambon, Asst Commissioner, MA DCF  
Jennifer MacBlane, Senior Consultant, PGG  
Barry Kroenig, Audit Liaison, MA DCF  
Michelle McKeen, Revenue Manager, EOHHS  
Ellen Finnegan, CFO, MA DCF