

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**CONNECTICUT TITLE IV-E  
TRAINING COSTS DID NOT  
ALWAYS COMPLY WITH  
FEDERAL REQUIREMENTS**

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**Gloria L. Jarmon  
Deputy Inspector General**

**December 2012  
A-01-12-02500**

# *Office of Inspector General*

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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), Children's Bureau, administers the foster care and adoption assistance programs. The foster care program helps to provide safe and stable out-of-home care for children until they are returned safely home or are placed according to a plan for permanency. The adoption assistance program supports the timely placement of children whose special needs or circumstances would otherwise make them difficult to place with adoptive families. The Federal Government and States share in the costs of administering and training for these programs.

Pursuant to 45 CFR 1356.60(b) and (c) and 45 CFR 235.64(b)(1), Federal financial participation is available for Title IV-E agency training sessions at an enhanced rate (75 percent) for salaries, fringe benefits, travel, and per diem for employees in initial inservice training of at least 1 week. Pursuant to 45 CFR 235.61(a), "initial inservice training" means a period of intensive, task-oriented training to prepare new employees to assume job responsibilities.

ACF's *Child Welfare Policy Manual*, section 8.1H, states that an employee who accepts a new position at a Title IV-E agency may be considered a new employee for the purpose of training cost reimbursement. However, training cannot be intensive when an employee has a full caseload. Training costs not eligible at the enhanced rate may be allowed at the administrative rate (50 percent).

In Connecticut, the Department of Children & Families (State agency) administers the Title IV-E foster care and adoption assistance programs. The State agency works with families and communities to improve child safety, help ensure that children have permanent families, and advance the overall well-being of children.

We reviewed the State agency's claims for Federal reimbursement under Title IV-E for foster care and adoption assistance training costs totaling \$6,383,452 (Federal share) for the period July 2008 through June 2011. These training costs pertained to State agency employee salaries and fringe benefits for hours of in-house training courses attended.

### OBJECTIVE

Our objective was to determine whether the State agency complied with Federal requirements in claiming Federal reimbursement for Title IV-E training costs.

### SUMMARY OF FINDINGS

Of the \$6,383,452 that the State agency claimed for Title IV-E training costs, \$5,066,768 complied with Federal requirements. However, the State agency improperly claimed Title IV-E training costs at the enhanced rate (75 percent) that it should have claimed at the administrative rate (50 percent), resulting in a net overpayment of \$1,316,684. This occurred because the State

agency did not have procedures in place to ensure that it claimed the enhanced rate only when training (1) occurred during an employee's initial inservice period and (2) was intensive.

## **RECOMMENDATIONS**

We recommend that the State agency:

- refund the Federal share of \$1,316,684 to ACF and
- implement procedures to correlate training, human resources, and caseload data to help ensure that it claims training costs in accordance with Federal requirements.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency stated that it would resolve all outstanding issues with ACF.

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## INTRODUCTION

### BACKGROUND

#### **Title IV-E Foster Care and Adoption Assistance Program**

Pursuant to Title IV-E of the Social Security Act, the Department of Health and Human Services (HHS), Administration for Children and Families (ACF), Children's Bureau, administers the foster care and adoption assistance programs. The foster care program helps to provide safe and stable out-of-home care for children until they are returned safely home or are placed according to a plan for permanency. The adoption assistance program supports the timely placement of children whose special needs or circumstances would otherwise make them difficult to place with adoptive families. The Federal Government and States share in the costs of administering and training for these programs.

#### **Federal Reimbursement Requirements**

Pursuant to 45 CFR 1356.60(b) and (c) and 45 CFR 235.64(b)(1), Federal financial participation is available for Title IV-E agency training sessions at an enhanced rate (75 percent) for salaries, fringe benefits, travel, and per diem for employees in initial inservice training of at least 1 week. Pursuant to 45 CFR 235.61(a), "initial inservice training" means a period of intensive, task-oriented training to prepare new employees to assume job responsibilities.

ACF's *Child Welfare Policy Manual*, section 8.1H, provides further guidance on Title IV-E training costs, including examples of training topics allowable or unallowable at each reimbursement rate. The manual states that an employee who accepts a new position at a Title IV-E agency may be considered a new employee for the purpose of training cost reimbursement. However, training cannot be intensive when an employee has a full caseload. Training costs not eligible at the enhanced rate may be allowed at the administrative rate (50 percent).

#### **Connecticut's Title IV-E Training Program**

In Connecticut, the Department of Children & Families (State agency) administers the Title IV-E foster care and adoption assistance programs. The State agency works with families and communities to improve child safety, help ensure that children have permanent families, and advance the overall well-being of children.

The State agency operates a training academy for professional development to strengthen the child welfare system. The academy trains new and existing State agency employees to respond to children and families needing services.

Under the State agency's cost allocation plan, approved by the HHS Division of Cost Allocation, training costs are eligible for Federal reimbursement. The State agency determines the portion of employees' salary and fringe benefits that is reimbursable as Title IV-E training based on (1) the

results of a random moment timestudy<sup>1</sup>, (2) applicable foster care and adoption assistance saturation rates (i.e., the number of children eligible for State agency Title IV-E foster care or adoption assistance as a percentage of the number of children in all State agency foster care or adoption assistance programs), and (3) training hours at each reimbursement rate. It assigns a reimbursement rate of 75 percent, 50 percent, or 0 percent for employee training hours for each training course based on the course's topic.

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

### **Objective**

Our objective was to determine whether the State agency complied with Federal requirements in claiming Federal reimbursement for Title IV-E training costs.

### **Scope**

We reviewed the State agency's claims for Federal reimbursement under Title IV-E for foster care and adoption assistance training costs totaling \$6,383,452<sup>2</sup> for the period July 2008 through June 2011. All references to training costs in this report pertain to State agency employee salaries and fringe benefits earned while attending in-house training courses. We limited our review of internal controls to those that related directly to our objective.

We performed fieldwork at the State agency's offices in Hartford and Meriden, Connecticut, from January through June 2012.

### **Methodology**

To accomplish our objective, we:

- reviewed applicable Federal laws and regulations and ACF's *Child Welfare Policy Manual*;
- reviewed State agency written policies regarding Title IV-E foster care and adoption assistance, employee training, and social worker caseloads;

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<sup>1</sup> The State Agency maintains a random moment timestudy (RMTS) in its computer system to measure regional office activity. The RMTS randomly samples case-carrying social service employees through prompts to identify the type of activity they are engaged at the time indicated in the prompt. The prompts require responses before employees may continue using their system.

<sup>2</sup> All dollar amounts in this report are Federal share amounts.

- reviewed Connecticut’s A-133 audit reports<sup>3</sup> for State fiscal years (FY) 2008, 2009, and 2010;
- met with Connecticut’s State auditors to discuss prior State audit reports;
- reviewed course descriptions and syllabi for training costs claimed for enhanced reimbursement;
- reviewed the State agency cost allocation and Title IV-B training plans;<sup>4</sup>
- reconciled total foster care and adoption assistance training costs claimed on the quarterly Federal Title IV-E financial reports to supporting documentation for State FYs 2009, 2010, and 2011;
- reviewed supporting documentation to determine whether training costs claimed under Title IV-E were allocated properly between Federal and State programs;
- reconciled the number of participants who attended training courses with the number of participants the State agency reported for each Title IV-E claim during the audit period;
- met with State agency officials in the training academy and the revenue enhancement, human resources, and information systems departments to understand State agency procedures and the State agency’s Title IV-E training cost reimbursement calculations;
- used State agency human resources data to determine the initial inservice period (also called “working test period” or “probationary period”) of each new job position for each employee in a State agency Title IV-E program;
- used State agency caseload data for Title IV-E social workers and social worker trainees (social workers) to determine when or whether each social worker had a full caseload during their respective initial inservice periods;
- correlated State agency training, human resources, and caseload data to determine whether training hours that the State agency claimed were eligible for Federal reimbursement at the enhanced rate;
- calculated training hours allowable at each reimbursement rate;
- calculated the amount that should have been claimed for Title IV-E foster care and adoption assistance training costs using (1) training hours that we calculated as allowable

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<sup>3</sup> OMB Circular A-133 requires annual audit reports for selected federally funded programs that received at least \$500,000 in Federal funding.

<sup>4</sup> Title IV-B training plans describe all training activities and costs that the State agency claims for reimbursement under the Title IV-E program.

at each reimbursement rate and (2) the methodology of the State agency's cost allocation plan; 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 finding and conclusions based on our audit objective.

## **FINDING AND RECOMMENDATIONS**

Of the \$6,383,452 that the State agency claimed for Title IV-E training costs, \$5,066,768 complied with Federal requirements. However, the State agency improperly claimed Title IV-E training costs at the enhanced rate (75 percent) that it should have claimed at the administrative rate (50 percent), resulting in a net overpayment of \$1,316,684. This occurred because the State agency did not have procedures in place to ensure that it claimed the enhanced rate only when training (1) occurred during an employee's initial inservice period and (2) was intensive.

### **FEDERAL REIMBURSEMENT FOR TRAINING COSTS**

#### **Federal Requirements**

Pursuant to 45 CFR 1356.60(b) and (c) and 45 CFR 235.64(b)(1), Federal financial participation is available for Title IV-E agency training sessions at an enhanced rate (75 percent) during employees' initial inservice training if the training lasts at least 1 week. Pursuant to 45 CFR 235.61(a), "initial inservice training" means a period of intensive, task-oriented training to prepare new employees to assume job responsibilities.

ACF's *Child Welfare Policy Manual*, section 8.1H, states that Title IV-E training costs for salary and fringe benefits may be claimed at the enhanced rate only when training (1) occurred during an employee's initial inservice period and (2) was intensive. According to the manual, "intensive" training lasts for at least 1 week and cannot occur when an employee has a full caseload. Training costs not eligible for the enhanced rate may be allowed at the administrative rate (50 percent).

#### **Training Costs Improperly Claimed**

Of the \$6,383,452 that the State agency claimed for Title IV-E training costs, \$5,066,768 complied with Federal requirements. However, the State agency improperly claimed Title IV-E training costs at the enhanced rate (75 percent) that it should have claimed at the administrative rate (50 percent). Our analysis of employee training hours, human resource records, and caseload data identified 80,683 training hours that the State agency improperly assigned at the enhanced rate:

- We determined that 61,788 hours of training occurred after the employees had completed their initial inservice periods. We made this determination by analyzing human resources transaction data and inservice period information by job position provided by the State agency to determine when employees completed their initial inservice periods.
- We determined that 18,895 hours of training did not qualify as intensive. We made this determination for employees who were social workers by using average monthly caseload data, court-ordered maximum caseload limits, and the State agency's policy that specifies that a full caseload is 75 percent of the court-ordered maximum caseload limit. We considered all training intensive that occurred before social workers had full caseloads. Furthermore, we determined from training transaction data for each employee that training (during the initial inservice period and after social workers had full caseload) was not intensive when it did not last at least 1 week, pursuant to Federal regulations cited above.

### **Examples of Training Costs Improperly Claimed**

A social worker had an initial inservice training period from April 11, 2008, through October 15, 2010. In December 2008, he had a full caseload. On January 14, 2009, he attended a 1-day training course. Based on the training course's topic, the State agency assigned a reimbursement rate of 75 percent for his hours associated with 1 day of training. However, the training hours were not eligible at the enhanced rate because the course was not at least 1 week and the employee had a full caseload.

In addition, the same social worker had taken training courses during February 2011. Based on the topics of the training courses, the State agency assigned a reimbursement rate of 75 percent for his hours associated with these training courses. However, the training hours were not eligible at the enhanced rate because the social worker attended the training courses after he had completed his initial inservice period.

Using the State's cost allocation plan calculation for claiming training costs, we allocated the 80,683 training hours from the enhanced rate to the administrative rate, resulting in a net \$1,316,684 overpayment. The State agency claimed training costs that were unallowable at the enhanced rate because it did not have procedures in place to ensure that it claimed the enhanced rate only when training (1) occurred during an employee's initial inservice period and (2) was intensive.

### **RECOMMENDATIONS**

We recommend that the State agency:

- refund the Federal share of \$1,316,684 to ACF and
- implement procedures to correlate training, human resources, and caseload data to help ensure that it claims training costs in accordance with Federal requirements.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency stated that it would resolve all outstanding issues with ACF. The State agency's comments are included in their entirety as the Appendix.

# **APPENDIX**

APPENDIX: STATE AGENCY COMMENTS



Joette Katz  
Commissioner

DEPARTMENT of CHILDREN and FAMILIES

*Making a Difference for Children, Families and Communities*



Dannel P. Malloy  
Governor

November 2, 2012

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RE: AUDIT REPORT NUMBER: A-01-12-02500

Dear Mr. Armstrong:

Thank you for the time and effort you and your staff have devoted to auditing the Department of Children and Families' Title IV-E claims for reimbursement of training costs. We have reviewed your draft recommendations as detailed in the above-captioned document. We understand the issues you have identified. We will resolve all outstanding issues with the Administration for Children and Families.

Yours truly,

  
Joette Katz  
Commissioner

cc: Elizabeth Graham, Deputy Commissioner  
Janice Gruendel, Deputy Commissioner  
Cindy Butterfield, Chief Fiscal Officer  
Jodi Hill-Lilly, Co-Director, DCF Academy  
Susan Hamel, Director, Revenue Enhancement Division  
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