



June 17, 2010

TO: Carmen R. Nazario
Assistant Secretary for Children and Families

FROM: /George M. Reeb/
Acting Deputy Inspector General for Audit Services

SUBJECT: Review of Title IV-E Foster Care Costs Claimed on Behalf of Delinquent
Children in Georgia (A-04-07-03519)

Attached, for your information, is an advance copy of our final report on Title IV-E foster care costs claimed on behalf of delinquent children in Georgia. We will issue this report to the Georgia Department of Human Services within 5 business days.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Lori S. Pilcher, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through email at Lori.Pilcher@oig.hhs.gov. Please refer to report number A-04-07-03519 in all correspondence.

Attachment



Office of Audit Services, Region IV
61 Forsyth Street, S.W., Suite 3T41
Atlanta, GA 30303

June 23, 2010

Report Number: A-04-07-03519

Mrs. B. J. Walker
Commissioner
Georgia Department of Human Services
2 Peachtree Street, NW, Suite 29-250
Atlanta, GA 30303-3142

Dear Mrs. Walker:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Title IV-E Foster Care Costs Claimed on Behalf of Delinquent Children in Georgia*. 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 John Drake, Audit Manager, at (404) 562-7755 or through email at John.Drake@oig.hhs.gov. Please refer to report number A-04-07-03519 in all correspondence.

Sincerely,

/Peter J. Barbera/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Mrs. Carlis V. Williams
Regional Administrator
Administration for Children and Families
Atlanta Federal Center - Suite 4M60
61 Forsyth Street, SW
Atlanta, GA 30303-8909

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF TITLE IV-E FOSTER CARE
COSTS CLAIMED ON BEHALF OF
DELINQUENT CHILDREN IN GEORGIA**



Daniel R. Levinson
Inspector General

June 2010
A-04-07-03519

Office of Inspector General

<http://oig.hhs.gov>

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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.

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

Title IV-E of the Social Security Act (the Act), as amended, authorizes Federal funds for State foster care programs. Section 472(a) of the Act establishes Title IV-E eligibility requirements, such as age, income, and specified judicial determinations.

For children who meet Title IV-E eligibility requirements, the Administration for Children and Families (ACF) provides the Federal share of States' costs, including maintenance (room and board) costs and administrative costs. In Georgia, the Department of Human Services, Division of Family and Children Services (the State agency), administers the Title IV-E program. In this role, it determines Title IV-E eligibility and maintains an interagency agreement with the Georgia Department of Juvenile Justice (DJJ). When DJJ has legal custody of Title IV-E eligible children, it may bill the State agency for the Title IV-E portion of daily maintenance costs and associated administrative costs. The State agency subsequently submits these costs to ACF for Federal reimbursement.

The State agency claimed \$107 million (Federal share) in Title IV-E costs during Federal fiscal years (FY) 2005 and 2006 (October 1, 2004, through September 30, 2006). This amount included \$6,312,303 (Federal share) in maintenance and associated administrative costs that DJJ billed on behalf of delinquent children.

OBJECTIVE

Our objective was to determine whether the State agency's claims for Title IV-E maintenance payments and administrative costs on behalf of delinquent children met Federal requirements for childcare institution eligibility, child eligibility, and allowable costs.

SUMMARY OF FINDINGS

For all 100 sampled claim-months, the State agency's claims for Title IV-E maintenance payments and administrative costs on behalf of delinquent children met Federal requirements for childcare institution eligibility. However, the State agency's claims did not meet all Federal requirements for child eligibility and allowable costs. Specifically, the State agency claimed:

- 2 claim-months totaling \$1,065 for children who were not eligible for services because documentation of their permanency hearings was missing and
- 16 claim-months totaling \$8,244 for portions of maintenance payments that represented unallowable education costs.

Based on these sample results, we estimated that the State agency claimed unallowable Title IV-E costs for FYs 2005 and 2006 totaling \$595,779 (Federal share), including \$59,805 in maintenance payments and \$535,974 in associated DJJ (\$459,424) and State agency (\$76,550) administrative costs. The State agency claimed the unallowable costs because it made errors in

determining Title IV-E eligibility and did not ensure that the daily maintenance rates DJJ used to bill Title IV-E contained only the costs of allowable services.

We were unable to determine the allowability of the remaining maintenance payments totaling \$664,418 and associated DJJ and State agency administrative costs totaling \$5,953,064 because the State agency was unable to demonstrate that the daily maintenance rates for Title IV-E eligible children did not contain unallowable costs in addition to the unallowable education costs.

RECOMMENDATIONS

We recommend that the State agency:

- refund to the Federal Government \$595,779 for unallowable costs, including \$59,805 in maintenance payments and \$535,974 in associated administrative costs;
- ensure that permanency hearings are held within the specified timeframe and that appropriate documentation is maintained;
- ensure that the daily maintenance rates for Title IV-E children include only allowable costs; and
- work with ACF to resolve the allowability of maintenance payments totaling \$664,418 and associated administrative costs totaling \$5,953,064.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency said that it would work with DJJ to settle the \$595,779 in unallowable costs and with ACF to resolve the \$5,953,064 in administrative costs. The State agency did not specifically address our second and third recommendations. The State agency's comments are included in their entirety as Appendix F.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Title IV-E Foster Care Program.....	1
Georgia Title IV-E Foster Care Program.....	2
OBJECTIVE, SCOPE, AND METHODOLOGY	2
Objective	2
Scope	2
Methodology.....	3
FINDINGS AND RECOMMENDATIONS	4
TITLE IV-E ELIGIBILITY	4
Federal Requirements	4
Costs Claimed for Ineligible Children	5
ALLOWABLE COSTS	5
Federal Requirements	5
Unallowable Services Included in Maintenance Payments	5
UNDOCUMENTED MAINTENANCE PAYMENT RATES	6
Federal Requirements	6
Composition of Maintenance Payment Rates	6
RECOMMENDATIONS	6
STATE AGENCY COMMENTS	7
 APPENDIXES	
A: SAMPLING METHODOLOGY	
B: SAMPLE RESULTS AND ESTIMATES	
C: METHODOLOGY FOR ESTIMATING DEPARTMENT OF JUVENILE JUSTICE ADMINISTRATIVE COSTS ASSOCIATED WITH UNALLOWABLE MAINTENANCE PAYMENTS	
D: METHODOLOGY FOR ESTIMATING THE STATE AGENCY’S PORTION OF ADMINISTRATIVE COSTS ASSOCIATED WITH UNALLOWABLE AND SET- ASIDE DEPARTMENT OF JUVENILE JUSTICE MAINTENANCE PAYMENTS	

E: UNALLOWABLE EDUCATION COSTS

F: STATE AGENCY COMMENTS

INTRODUCTION

BACKGROUND

Title IV-E Foster Care Program

Title IV-E of the Social Security Act (the Act), as amended, authorizes Federal funds for States to provide foster care for children under an approved State plan. At the Federal level, the Administration for Children and Families (ACF) administers the program and provides the Federal share of States' costs.

Section 472(a) of the Act establishes Title IV-E eligibility requirements, including age, income, and specified judicial determinations. For children who meet Title IV-E eligibility requirements, Federal funds are available to States for maintenance, administrative, and training costs:

- Maintenance costs include room and board, clothing, daily supervision, school supplies, children's personal incidentals, liability insurance with respect to a child, and reasonable travel to a child's home for visitation. States may make maintenance payments to licensed foster family homes and childcare institutions. Pursuant to section 472(c) of the Act, a childcare institution is defined as a private childcare institution or a public childcare institution that accommodates no more than 25 children and is licensed by the State. The definition excludes detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children. The Federal share of maintenance payments is based on each State's Federal rate for Title XIX (Medicaid) expenditures. During our audit period, the Federal share of Georgia's maintenance payments ranged from 60.44 percent to 60.60 percent.
- Administrative costs include staff activities such as case management and supervision of children placed in foster care and, in some circumstances, children considered to be Title IV-E candidates; preparation for and participation in court hearings; placement of children; recruitment and licensing for foster homes and institutions; and rate setting. A proportionate share of overhead costs is also reimbursable under this category. The Federal share of administrative costs allocable to the Title IV-E program is 50 percent.
- Training costs include the training of State or local staff to perform administrative activities and the training of current or prospective foster care parents, as well as personnel of childcare institutions. The Federal share of certain training costs allocable to the Title IV-E program is 75 percent.

Section 475(5)(C) of the Act requires that for a child to retain Title IV-E eligibility, he or she must have a permanency hearing. A permanency hearing is a judicial proceeding that determines the permanency plan for the child, including whether and when a child will be returned to his or her parents, placed for adoption, or placed in another planned permanent living arrangement. A permanency hearing must be held within 12 months after a child enters foster care and annually thereafter. If a permanency hearing is not held as required, the child loses his or her Title IV-E eligibility.

Georgia Title IV-E Foster Care Program

The Georgia Department of Human Services, Division of Family and Children Services (the State agency), administers the Title IV-E program and determines children's program eligibility.

Pursuant to section 472 of the Act, the placement and care of a child eligible for Title IV-E funding is the responsibility of the State Title IV-E agency or any other public agency with which the State Title IV-E agency has an agreement. The State agency maintains an interagency agreement with the Georgia Department of Juvenile Justice (DJJ) to provide care and supervision to children whom the State's judicial system determines to be delinquent. A delinquent child is defined as one who has committed a crime or a delinquent act under the laws of Georgia or another State and who is in need of treatment and rehabilitation (Official Code of Georgia Annotated 15-11-2). A delinquent child may be eligible for Title IV-E funded services. Under the interagency agreement, DJJ may bill the State agency for maintenance and associated administrative costs for Title IV-E eligible children who are in licensed family, group, or childcare facilities and are under the legal custody of DJJ or who are candidates for foster care. The State agency subsequently submits these costs to ACF on the Title IV-E Foster Care and Adoptive Assistance Financial Report (Federal Form ACF-IV-E-1) for Federal reimbursement.

The State agency claimed \$107 million (Federal share) in Title IV-E costs during Federal fiscal years (FY) 2005 and 2006 (October 1, 2004, through September 30, 2006). Of this amount, \$6,312,303 consisted of maintenance (\$727,187) and associated administrative costs (\$5,585,116) that DJJ billed for delinquent children.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency's claims for Title IV-E maintenance payments and administrative costs on behalf of delinquent children met Federal requirements for childcare institution eligibility, child eligibility, and allowable costs.

Scope

Our review covered \$724,223 (Federal share) in Title IV-E maintenance costs that the State agency claimed on behalf of delinquent children during FYs 2005 and 2006 and the associated administrative costs. The \$724,223 consisted of maintenance payments of \$100 or more per child per month.¹

We did not assess the State agency's overall internal controls. We limited our review to gaining an understanding of selected State agency controls related to paying DJJ for maintenance and administrative costs and claiming maintenance and associated administrative costs to the Title IV-E program.

¹ DJJ's claim did not include any training costs applicable to Title IV-E eligible children in its custody. According to DJJ, it never billed the State agency for training costs because DJJ could not develop an allocation methodology acceptable to the ACF regional office.

We performed our fieldwork during June 2007 and from June 2008 through April 2009 at the State agency and DJJ offices in Atlanta, Georgia.

Methodology

To accomplish our objective, we:

- reviewed Federal criteria related to Title IV-E claims;
- interviewed State agency and DJJ personnel regarding the State agency's claims;
- reviewed selected contracts between DJJ and foster care facilities;
- obtained from DJJ a list of all Title IV-E maintenance payments that it billed to the State agency for the cost of delinquent children placed in foster care;
- reconciled maintenance payments, as reported by the State agency on the quarterly Federal Form ACF-IV-E-1, to the payments recorded in the State agency's accounting records;
- created a database of 1,016 claim-months² by combining all FYs 2005 and 2006 Title IV-E maintenance payments into one payment amount per child per month;
- selected a random sample of 100 claim-months totaling \$66,533 (Federal share) in Title IV-E maintenance payments from our sampling frame of 1,016 claim-months (Appendix A) and, for each sampled claim-month:
 - reviewed the State agency's records to determine the licensing status of the foster care provider,
 - reviewed the State agency's and DJJ's case files to determine the child's Title IV-E eligibility,
 - reviewed available information pertaining to the State agency's Title IV-E maintenance payment rate to determine the allowability of costs,
 - reviewed interagency billings and DJJ financial reports supporting the Federal reimbursement claimed, and
 - identified unallowable maintenance costs that the State agency claimed;
- estimated the unallowable costs claimed to Title IV-E for children in DJJ's custody (Appendix B for maintenance payments and Appendix C for administrative costs); and

² We defined a claim-month as all maintenance payments of \$100 or more for one child during a month.

- estimated the administrative costs that the State agency claimed for processing both the unallowable and set-aside Title IV-E claims for children in DJJ’s custody (Appendix D).

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 RECOMMENDATIONS

For all 100 sampled claim-months, the State agency’s claims for Title IV-E maintenance payments and administrative costs on behalf of delinquent children met Federal requirements for childcare institution eligibility. However, the State agency’s claims did not meet all Federal requirements for child eligibility and allowable costs. Specifically, the State agency claimed:

- 2 claim-months totaling \$1,065 for children who were not eligible for services because documentation of their permanency hearings was missing and
- 16 claim-months totaling \$8,244 for portions of maintenance payments that represented unallowable education costs.

Based on these sample results, we estimated that the State agency claimed unallowable Title IV-E costs for FYs 2005 and 2006 totaling \$595,779 (Federal share), including \$59,805 in maintenance payments and \$535,974 in associated DJJ (\$459,424)³ and State agency (\$76,550)⁴ administrative costs. The State agency claimed the unallowable costs because it made errors in determining Title IV-E eligibility and did not ensure that the daily maintenance rates DJJ used to bill Title IV-E contained only the costs of allowable services.

We were unable to determine the allowability of the remaining maintenance payments totaling \$664,418 and associated DJJ and State agency administrative costs totaling \$5,953,064 because the State agency was unable to demonstrate that the daily maintenance rates for Title IV-E eligible children did not contain unallowable costs in addition to the unallowable education costs.

TITLE IV-E ELIGIBILITY

Federal Requirements

Section 472(a) of the Act establishes the requirements for Title IV-E eligibility. For children who meet Title IV-E requirements, Federal funds are available to States for maintenance payments. The Act requires that the State agency conduct an annual permanency hearing for each child in foster care. Section 475(5) of the Act states:

³ See Appendix C.

⁴ See Appendix D.

(C) with respect to each such child, procedural safeguards will be applied, among other things, to assure each child in foster care under the supervision of the State of a permanency hearing to be held, in a family or juvenile court or another court (including a tribal court) of competent jurisdiction, or by an administrative body appointed or approved by the court, no later than 12 months after the date the child is considered to have entered foster care (as determined under subparagraph (F)) (and not less frequently than every 12 months thereafter during the continuation of foster care)

Costs Claimed for Ineligible Children

For 2 claim-months, the State agency claimed costs totaling \$1,065 for children who did not meet the permanency hearing requirements. The State agency did not provide court documents or any additional evidence to indicate that permanency hearings were completed no later than 12 months from the date the children entered foster care. The State agency agreed that permanency hearings were not conducted.

ALLOWABLE COSTS

Federal Requirements

Section 472(b)(2) of the Act limits maintenance payments to “only those items which are included in the term ‘foster care maintenance payments’ (as defined in section 475(4)).” Section 475(4)(A) of the Act states:

The term “foster care maintenance payments” means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, and reasonable travel to the child’s home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.

Unallowable Services Included in Maintenance Payments

For 16 claim-months, the State agency claimed \$16,082 for maintenance payments that included \$8,244 in unallowable education costs.

DJJ’s list of maintenance rates applicable to Title IV-E children was based on the level of care⁵ that a child received at a particular childcare institution. During our audit period, DJJ provided six levels of care. Four of these levels corresponded to two maintenance rates: one that included an education component and one that did not. DJJ used both of these rates to bill the State agency. However, education is not an allowable Title IV-E expense under section 475(4)(A) of

⁵ DJJ assigned each child a level of care based on the type of care and supervision that the child required. The more care and supervision that a child required, the higher the level of care to which he or she was assigned. As the level of care increased, the rate increased.

the Act. As shown in Appendix E, for the 16 claim-months, \$8,244 was attributable only to the education component that DJJ identified in its rate list and was therefore unallowable.

UNDOCUMENTED MAINTENANCE PAYMENT RATES

Federal Requirements

Pursuant to 45 CFR § 74.21(b)(7), recipients of Federal funds should have financial management systems that include cost accounting records supported by source documentation.

Composition of Maintenance Payment Rates

Although the State agency's rate data showed that some of the Title IV-E maintenance payment rates included an education component, the data did not specifically identify the remaining cost components of the rates. We requested from both DJJ and the State agency information to support the basis for the maintenance payment rates applicable during our audit period. In response to our request, the State agency provided detailed spreadsheets that the State agency said it had used to develop the rates. However, the spreadsheet data did not adequately support or explain the remaining cost components of the maintenance payment rates. Thus, we requested information to support the data shown on the spreadsheets. However, the State agency said that because of staff turnover and a flood at one of its facilities, it was unable to provide any supporting documentation for the spreadsheet data.

Because the State agency was unable to demonstrate that the daily maintenance rates for Title IV-E children did not contain other unallowable costs in addition to the unallowable education costs discussed in the previous section, we were unable to determine the allowability of the remaining maintenance payments totaling \$664,418 (\$724,223 – \$59,805) and associated DJJ and State agency administrative costs totaling \$5,953,064 (\$5,562,033 – \$459,424 + \$850,455).⁶

Effective July 1, 2007, after our audit period, the State agency developed new Title IV-E maintenance payment rates. According to the State agency, the Centers for Medicare & Medicaid Services required it to “unbundle” its payment rates so that specific components, such as mental health and treatment costs, could be identified. We did not review these unbundled rates because they were developed after our audit period.

RECOMMENDATIONS

We recommend that the State agency:

- refund to the Federal Government \$595,779 for unallowable costs, including \$59,805 in maintenance payments and \$535,974 in associated administrative costs;
- ensure that permanency hearings are held within the specified timeframe and that appropriate documentation is maintained;

⁶ See Appendix D.

- ensure that the daily maintenance rates for Title IV-E children include only allowable costs; and
- work with ACF to resolve the allowability of maintenance payments totaling \$664,418 and associated administrative costs totaling \$5,953,064.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency said that it would work with DJJ to settle the \$595,779 in unallowable costs and with ACF to resolve the \$5,953,064 in administrative costs. The State agency did not specifically address our second and third recommendations. The State agency's comments are included in their entirety as Appendix F.

APPENDIXES

APPENDIX A: SAMPLING METHODOLOGY

POPULATION

The population consisted of paid Title IV-E maintenance claims made on behalf of delinquent children during the period October 2004 through September 2006.

SAMPLING FRAME

The sampling frame was a database containing 1,016 claim-months totaling \$724,223 for the period October 2004 through September 2006. The 1,016 claim-months consisted of maintenance payments of \$100 or more per child per month.

SAMPLE UNIT

The sample unit was a claim-month.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected a sample of 100 claim-months.

SOURCE OF RANDOM NUMBERS

We used the Office of Inspector General (OIG), Office of Audit Services (OAS), statistical software to generate the random numbers.

METHOD OF SELECTING SAMPLE ITEMS

We consecutively numbered the sampling frame. After generating 100 random numbers, we selected the corresponding frame items.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the dollar amount of unallowable maintenance payments in the sampling frame. (See Appendix B.)

APPENDIX B: SAMPLE RESULTS AND ESTIMATES

Sample Results

Frame Size	Value of Frame	Sample Size	Value of Sample	Number of Unallowable Claim-Months	Value of Unallowable Costs
1,016	\$724,223	100	\$66,533	18	\$9,309

Estimated Value of Unallowable Costs for Fiscal Years 2005–2006

(Limits Calculated for a 90-Percent Confidence Interval)

Point estimate	\$94,575
Lower limit	59,805
Upper limit	129,344

**APPENDIX C: METHODOLOGY FOR ESTIMATING
DEPARTMENT OF JUVENILE JUSTICE ADMINISTRATIVE COSTS
ASSOCIATED WITH UNALLOWABLE MAINTENANCE PAYMENTS**

ESTIMATION METHODOLOGY

During our audit period, the State agency claimed \$5,585,116 in Department of Juvenile Justice (DJJ) administrative costs to process \$727,187 in DJJ maintenance payments, or 768 percent of the maintenance payments for delinquent children. We audited \$724,223 in DJJ maintenance payments and, using the 768-percent factor, determined that the DJJ administrative costs associated with processing the payments were \$5,562,033.

The results of our simple random sample showed that at least \$59,805 (lower limit), or 8.26 percent, of the \$724,223 in maintenance payments violated Federal laws and regulations. We applied the 8.26-percent factor to the administrative costs associated with processing the maintenance payments. We calculated that the State agency claimed at least \$459,424 of the \$5,562,033 for unallowable DJJ administrative costs applicable to DJJ's unallowable maintenance payments.

DATA REVIEWED

DJJ provided its Title IV-E quarterly claims for maintenance payments (\$727,187) and administration costs (\$5,585,116) for the period October 2004 through September 2006. We reconciled these claims to the State's accounting system.

FEDERAL REQUIREMENT

The administrative costs associated with processing the maintenance payments that contained violations are not allowable. Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that claims be developed under cost allocation plans based on allowable costs.

**APPENDIX D: METHODOLOGY FOR ESTIMATING THE STATE AGENCY’S
PORTION OF ADMINISTRATIVE COSTS ASSOCIATED WITH UNALLOWABLE
AND SET-ASIDE DEPARTMENT OF JUVENILE JUSTICE MAINTENANCE
PAYMENTS**

During our audit period, the State agency claimed \$60,351,561 in total administrative costs to process \$43,015,924 in total maintenance payments for Title IV-E children.

We estimated the State agency’s portion of unallowable and set-aside administrative costs applicable to DJJ’s unallowable and set-aside maintenance claims as follows:

	Total From ACF Form IV-E-1	Less Total DJJ Billed	Adjusted Total
Administrative	\$60,351,561	\$5,585,116	\$54,766,445
Maintenance	43,015,924	727,187	42,288,737
Training	621,572	-0-	621,572

Step 1: Calculate the State agency-only factor.

$\$54,766,445 / (\$42,288,737 + \$621,572) = 1.28$ (rounded), the ratio of adjusted total administrative costs to the sum of adjusted maintenance and training costs.

Step 2: Apply the State agency-only factor to the estimated unallowable DJJ maintenance costs.

$1.28 \times \$59,805 = \$76,550$, the State agency’s portion of administrative costs applicable to unallowable DJJ maintenance payments.

Step 3: Apply the State agency-only factor to the estimated set-aside DJJ maintenance costs.

$1.28 \times \$664,418 = \$850,455$, the State agency’s portion of administrative costs applicable to set-aside DJJ maintenance payments.

APPENDIX E: UNALLOWABLE EDUCATION COSTS

Sample No.	Billable Days	Daily Rate Billed (Includes Education)	Total Amount Reimbursed (Billable Days × Rate)	Daily Rate (Without Education)	Difference Between Rates	Amount of Error Associated With Education (Rate Difference × Billable Days)
2	31	\$37.11	\$1,150.41	\$16.50	\$20.61	\$638.91
9	21	41.87	879.27	21.26	20.61	432.81
10	30	41.87	1,256.10	21.26	20.61	618.30
11	31	41.87	1,297.97	21.26	20.61	638.91
12	18	37.11	667.98	16.50	20.61	370.98
20	31	41.87	1,297.97	21.26	20.61	638.91
48	12	41.87	502.44	21.26	20.61	247.32
50	3	41.87	125.61	21.26	20.61	61.83
64	27	41.87	1,130.49	21.26	20.61	556.47
71	29	41.87	1,214.23	21.26	20.61	597.69
73	30	41.87	1,256.10	21.26	20.61	618.30
78	24	41.87	1,004.88	21.26	20.61	494.64
82	30	37.11	1,113.30	16.50	20.61	618.30
83	31	37.11	1,150.41	16.50	20.61	638.91
95	30	37.11	1,113.30	16.50	20.61	618.30
100	22	41.87	921.14	21.26	20.61	453.42
Total			\$16,081.60			\$8,244.00

APPENDIX F: STATE AGENCY COMMENTS



B.J. Walker, Commissioner

Georgia Department of Human Services • Suite 29.250 • Two Peachtree Street, NW • Atlanta, Georgia 30303-3142 • 404/651-6314

May 14, 2010

Peter J. Barbera
Regional Inspector General for Audit Services
Office of Audit Services, Region IV
61 Forsyth Street, SW, Suite 3T41
Atlanta, GA 30303

Report Number: A-04-07-03519

Dear Mr. Barbera:

Thank you for the opportunity to review and comment on the draft report, "Review of Title IV-E Foster Care Costs Claimed on Behalf of Delinquent Children in Georgia" that we received on April 12, 2010. DHS does not disagree with the contents of the report. We will be working with our DJJ partners and HHS to settle the outstanding repayment of \$595,779 identified in the report as unallowable costs.

DHS would like to add a clarification to one condition noted in the report. The rate system used to charge Title IV-E costs during the years covered by the audit (usually referred to as the "Level of Care" system) was abolished and replaced by a new rate system on July 1, 2007. Under the prior "Level of Care" system, some rates charged to Title IV-E costs were based off of a classification of specific costs. In a portion of this audit, OIG staff essentially challenged a portion of the historical cost classifications. DHS staff was unable to prove to the satisfaction of the reviewers, that a portion of our cost classifications was accurate due to the loss of original documentation (which we believe happened during a flood at a record retention facility in use at the time). With a new rate system in place, and with that record retention facility no longer being used, this portion of the audit describes the past history of DJJ's use of IV-E funding, rather than current practice.

In addition to settling the claim for \$595,779 for the unallowable costs, DHS will work with ACF on resolving the allowability of the additional \$5,953,064 identified as questioned costs in the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Statton".

Dave Statton
Chief of Staff

c: Jeff Minor, Deputy Commissioner, Georgia Department of Juvenile Justice
Robert Dorr, Director, DHS - Office of Audits