



Office of Audit Services
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John F. Kennedy Federal Building
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July 20, 2009

Report Number: A-01-08-02502

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

Dear Mr. McClain:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Massachusetts' Title IV-E Foster Care Payments for Children 19 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.

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, OIG reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act. Accordingly, this report will be posted on the Internet 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 e-mail at George.Nedder@oig.hhs.gov. Please refer to report number A-01-08-02502 in all correspondence.

Sincerely,

Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Mary Ann Higgins
Regional Administrator
Administration for Children and Families
U.S. Department of Health and Human Services, Region I
JFK Building – 20th Floor
Boston, Massachusetts 02203

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MASSACHUSETTS'
TITLE IV-E FOSTER CARE
PAYMENTS FOR CHILDREN
19 YEARS OR OLDER FOR THE
PERIOD OCTOBER 1, 2005,
THROUGH SEPTEMBER 30, 2008**



Daniel R. Levinson
Inspector General

July 2009
A-01-08-02502

Office of Inspector General

<http://oig.hhs.gov>

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Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Office of Inspector General reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act.

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, as amended, authorizes Federal funds for State foster care programs. For children who meet Title IV-E requirements, the Administration for Children and Families (ACF) provides the Federal share of States' costs, including maintenance (room and board) costs and administrative and training costs.

In Massachusetts, the Department of Children and Families (the State agency) is solely responsible for the Title IV-E program. The State agency determines Title IV-E eligibility and contracts with institutional care facilities to provide foster care services and with firms to place children in foster family and group homes. Contractors submit invoices to the State agency based on negotiated per diem rates. The State agency consolidates the invoices and submits Quarterly Reports of Expenditures and Estimates (Forms ACF-IV-E-1) to ACF to claim Federal funding.

Our review covered 33 children who reached age 19 before or during the period October 2005 through September 2008 and whose foster care costs were claimed for Federal reimbursement under Title IV-E during the same period.

OBJECTIVE

Our objective was to determine whether the State agency claimed Title IV-E maintenance and associated administrative costs only for children under age 19.

SUMMARY OF FINDING

For the period October 2005 through September 2008, the State agency did not always claim Title IV-E maintenance and associated administrative costs only for children under age 19. The State agency filed and correctly adjusted Title IV-E claims for services provided to 6 of the 33 children after they reached age 19. However, the State agency filed unallowable Title IV-E claims on behalf of the remaining 27 children for services provided after they reached age 19. As a result, the State agency's Federal claim was overstated by \$ \$238,030 (Federal share) for maintenance costs and by \$34,780 for related administrative costs. The State agency claimed costs for children age 19 or older because it did not have adequate controls to promptly identify children who did not meet Title IV-E age requirements.

RECOMMENDATION

We recommend that the State agency refund to the Federal Government \$272,810 (Federal share), including \$238,030 in unallowable maintenance costs and \$34,780 in unallowable administrative costs, for the period October 2005 through September 2008.

STATE AGENCY COMMENTS

In comments on our draft report, the State agency stated that it had continued to review Title IV-E claims and eligibility records for the children in our review after we issued the draft report. As a result of the additional review, the State agency concluded that it had received overpayments for only 27 children, rather than for 28 as we had originally determined. The State agency noted that, as a result, the correct amount of overpayments was \$272,810, which was \$4,237 less than we had reported. In addition, the State agency said that it had already adjusted its Title IV-E claims to refund the Federal Government \$272,522 of the corrected amount and that it would refund the remaining \$288 in the June 30, 2009, submission of Form ACF-IV-E-1. The State agency's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

We reviewed and concurred with the additional claim and eligibility information that the State agency provided to support the revised amount. We have modified our finding and recommendation accordingly.

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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.

For children who meet Title IV-E foster care requirements, including age requirements, Federal funds are available to States for maintenance, administrative, and training costs:

- Maintenance costs cover room and board payments to licensed foster parents, group homes, and institutional care facilities. The Federal share of maintenance costs is based on each State's Federal rate for Title XIX (Medicaid) expenditures. The Federal share of Massachusetts' maintenance costs is 50 percent.
- Administrative costs cover staff activities such as case management and supervision of children placed in foster care and 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. Also reimbursable under this category is a proportionate share of overhead costs. The Federal share of administrative costs allocable to the Title IV-E program 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. The State agency determines Title IV-E eligibility and contracts with institutional care facilities to provide foster care services and with firms that place children in foster family and group homes. Contractors submit invoices to the State agency based on negotiated per diem rates. The State agency pays the invoices 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 claimed Title IV-E maintenance and associated administrative costs only for children under age 19.

Scope

Our review covered 33 children who reached age 19 before or during the period October 2005 through September 2008 and whose foster care costs were claimed for Federal reimbursement under Title IV-E during the same period.

Some of the services that we identified as unallowable for reimbursement under Title IV-E may have been allowable for reimbursement through other Federal programs. However, determining the allowability of costs for other Federal programs was not within the scope of this audit.

We reviewed only those internal controls considered necessary to achieve our objective.

We performed our fieldwork at the State agency, the Bureau of Vital Statistics, and the ACF Regional Office in Boston, Massachusetts, from October 2008 through March 2009.

Methodology

To accomplish our objective, we:

- reviewed Federal criteria related to Title IV-E foster care claims;
- interviewed State agency personnel regarding the State agency's Title IV-E foster care claims;
- reviewed data from the Massachusetts Department of Public Health, Registry of Vital Records and Statistics, and billing invoices provided by the State agency documenting the age and the Title IV-E maintenance costs claimed for each of the 33 children;
- reviewed the State agency's 12 quarterly ACF-IV-E-1 submissions to determine the amounts that the State agency claimed for Federal reimbursement and reconciled those amounts to payments that the State agency made to foster care contractors;
- determined the total dollar value of all Title IV-E maintenance claims for services provided to children age 19 or older (Appendix A) and the associated administrative costs; and
- discussed our results with State 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 conclusion based on our audit objective.

FINDING AND RECOMMENDATION

For the period October 2005 through September 2008, the State agency did not always claim Title IV-E maintenance and associated administrative costs only for children under age 19. The State agency filed and correctly adjusted Title IV-E claims for services provided to 6 of the 33 children after they reached age 19. However, the State agency filed unallowable Title IV-E

claims on behalf of the remaining 27 children for services provided after they reached age 19. As a result, the State agency's Federal claim was overstated by \$238,030 (Federal share) for maintenance costs and by \$34,780 for related administrative costs. The State agency claimed costs for children age 19 or older because it did not have adequate controls to promptly identify children who did not meet Title IV-E age requirements.

AGE REQUIREMENTS

Section 472(a) of the Act states that children for whom States claim Title IV-E funding must meet the eligibility requirements for Aid to Families with Dependent Children (AFDC) as established in section 406(a) or section 407 (as in effect on July 16, 1996).¹ Section 406(a)(2), as in effect on July 16, 1996, states that the children must be "(A) under the age of eighteen, or (B) at the option of the State, under the age of nineteen and a full-time student in a secondary school (or in the equivalent level of vocational or technical training), if, before he attains age nineteen, he may reasonably be expected to complete the program of such secondary school (or such training)."²

UNALLOWABLE COSTS FOR CHILDREN WHO EXCEEDED THE MAXIMUM AGE

The documentation that we reviewed showed that the State agency claimed Title IV-E maintenance costs totaling \$272,810 (Federal share), including \$238,030 in unallowable maintenance costs and \$34,780 in unallowable administrative costs, for 27 children who were at least 19 years of age when the services were provided. (See Appendix A for details on the 27 children.) These claims did not comply with Federal age requirements. For example, one child reached age 19 on April 25, 2005. The State agency improperly claimed Title IV-E costs until February 28, 2006, for a total Federal share of \$3,434 in unallowable costs.

The State agency claimed costs for children age 19 or older because it did not have adequate controls to promptly identify children who did not meet Title IV-E age requirements.

RECOMMENDATION

We recommend that the State agency refund to the Federal Government \$272,810 (Federal share), including \$238,030 in unallowable maintenance costs and \$34,780 in unallowable administrative costs, for the period October 2005 through September 2008.

¹The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 repealed AFDC and established in its place the Temporary Assistance for Needy Families block grant. However, Title IV-E foster care requirements look back to the 1996 AFDC criteria for eligibility.

²ACF's "Child Welfare Policy Manual," § 8.3A.2 Q/A No. 1, also addresses the issue of foster care eligibility for children over the age of 18. In addition, P. L. 110-351, Title II, § 201(a)(B)(iii), approved October 7, 2008, gives States the option of extending eligibility for foster care support to individuals up to age 21 so long as they meet specific educational and work requirements.

STATE AGENCY COMMENTS

In comments on our draft report, the State agency stated that it had continued to review Title IV-E claims and eligibility records for the children in our review after we issued the draft report. As a result of the additional review, the State agency concluded that it had received overpayments for only 27 children, rather than for 28 as we had originally determined. The State agency noted that, as a result, the correct amount of overpayments was \$272,810, which was \$4,237 less than we had reported. In addition, the State agency said that it had already adjusted its Title IV-E claims to refund the Federal Government \$272,522 of the corrected amount and that it would refund the remaining \$288 in the June 30, 2009, submission of Form ACF-IV-E-1. The State agency's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL RESPONSE

We reviewed and concurred with the additional claim and eligibility information that the State agency provided to support the revised amount. We have modified our finding and recommendation accordingly.

APPENDIXES

TITLE IV-E COSTS CLAIMED FOR 27 CHILDREN AGE 19 OR OLDER

Error Number	Date of Birth	Date of 19th Birthday	Date of Discharge From Foster Care	Federal Share of Maintenance Costs at Age 19 or Older
1	4/25/1986	4/25/2005	2/28/2006	\$ 3,434
2	9/16/1986	9/16/2005	5/31/2007	82,922
3	10/2/1986	10/2/2005	12/25/2005	4,010
4	8/14/1985	8/14/2004	9/30/2005	122
5	9/21/1986	9/21/2005	10/15/2005	243
6	9/22/1983	9/22/2002	9/16/2005	8
7	2/16/1986	2/16/2005	10/31/2005	381
8	7/21/1985	7/21/2004	6/1/2006	5,426
9	6/3/1986	6/3/2005	12/25/2005	1,037
10	5/11/1986	5/11/2005	5/15/2006	9,307
11	8/7/1986	8/7/2005	12/25/2005	1,004
12	10/8/1986	10/8/2005	9/30/2007	8,882
13	12/11/1986	12/11/2005	12/16/2006	197
14	2/14/1986	2/14/2005	12/31/2005	197
15	11/4/1986	11/4/2005	12/31/2005	137
16	2/19/1987	2/19/2006	2/28/2006	2,521
17	3/27/1987	3/27/2006	5/31/2006	18,280
18	4/1/1987	4/1/2006	5/15/2006	365
19	4/8/1986	4/8/2005	4/16/2006	494
20	6/22/1987	6/22/2006	9/15/2006	1,021
21	4/27/1988	4/27/2007	8/31/2008	39,006
22	3/27/1988	3/27/2007	3/15/2008	2,971
23	6/16/1986	6/16/2005	8/31/2008	49,086
24	12/23/1984	12/23/2003	10/31/2006	662
25	12/6/1986	12/6/2005	4/30/2006	1,133
26	4/3/1989	4/3/2008	5/31/2008	401
27	7/19/1988	7/19/2007	12/31/2007	4,783
Total				\$238,030



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

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Governor

TIMOTHY P. MURRAY
Lieutenant Governor

JUDYANN BIGBY, M.D.
Secretary

ANGELO MCCLAIN
Commissioner

June 26, 2009

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

Report Number: A-01-08-02502
Review of MA Title IV-E Foster Care Payments for Children 19 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 27 children, all over the age of 19 during the audit period of October 2005 – September 2009. DCF has continued to review IV-E claims and eligibility records for the 28 children included in the review and believe the correct amount of overpayment relates to only 27 children for a revised amount of \$272,810, \$4,237 less than the reported amount. MA DCF will share the claim and eligibility information recently documented to support the revised amount.

We do not agree that the result of the audit represents a lack of internal controls; rather it represents some gaps in existing internal controls and a need for continued improvements and refinements to our procedures. DCF has controls in place to identify and terminate claims for children over the age of 19, which worked in nearly all cases. During the period under review, DCF submitted Title IV-E foster care claims of \$209M on behalf of 9,715 children. The \$272,810 of federal reimbursement submitted on behalf of the 27 children age

19 or older represents only one-tenth of a percent of the total dollars claimed during the period under review.

This review did identify some areas where existing processes and procedures – both manual and automated – need improvements. DCF has implemented many of these improvements already and has also implemented a new quality assurance review to check all claims specifically for children age 19 or older.

In addition, DCF has already adjusted Title IV-E claims to refund the Federal Government \$272,522 of the restated amount of \$272,810. The remaining \$288 will be refunded in the 6/30/2009 submission of Form ACF-IV-E-1. Any remaining adjustments related to the reconciliation of the restated overpayment will be refunded to the Federal Government in the next available submission.

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

Sincerely,



Angelo McClain
Commissioner, MA DCF

cc: Mary Gambon, Asst Commissioner MA DCF
Virginia Peel, General Counsel MA DCF
Jennifer MacBlane, Revenue Operations Manager PCG
Francis Kelley, Audit Liaison MA DCF
Ellen Finnegan, MA CFO