



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Administration on Children, Youth and Families
1250 Maryland Avenue, S.W.
Washington, D.C. 20024

MAR 13 2013

Mr. Gregory E. Rose
Deputy Director
California Department of Social Services
744 P Street
Sacramento, California

Dear Mr. Rose:

The Children's Bureau (CB), Administration for Children and Families (ACF), conducted a primary review of California's Department of Social Services (CDSS) title IV-E foster care program during the week of November 26, 2012. The review protocol was implemented in accordance with the Federal provisions at part 45, section 1356.71 of the Code of Federal Regulations (45 CFR 1356.71). This letter transmits our report of final findings for this primary review and provides a summary of the findings.

The purposes of the primary title IV-E foster care review were (1) to determine whether CDSS was in compliance with the eligibility requirements as outlined in statute and regulations at section 472 of the Social Security Act and 45 CFR §1356.71; and (2) to validate the basis of the CDSS financial claims to ensure that appropriate payments were made on behalf of eligible children. A computerized statistical sample of 80 cases was reviewed by a team comprised of Federal and State staff to determine the State's level of compliance in meeting the Federal eligibility requirements for the six-month period under review (PUR) of October 1, 2011 – March 31, 2012

The review team determined that 78 of the 80 cases met eligibility requirements (i.e., deemed non-error cases) for the PUR. Two (2) cases were found as in error for either part or all of the PUR and five (5) non-error cases were ineligible for Federal funding for a period for which payments were claimed. Accordingly, Federal funds claimed for title IV-E foster care maintenance payments, including related administrative costs, associated with the error cases and non-error cases with ineligible payments are being disallowed. Specific information about the individual case findings is detailed in the enclosed report of review findings.

I am pleased to inform you CB has determined that CDSS's title IV-E foster care program is in substantial compliance with Federal eligibility requirements for the PUR. Although two (2) cases were determined error cases, this finding does not exceed the threshold for substantial compliance in a primary review of four or fewer cases in error. The additional findings for non-error cases with ineligible payments were not considered in determining the State's substantial compliance with the Federal requirements. Since CDSS is in substantial compliance, a secondary review is not required. The next primary review will be held within three years.

We commend the State for its efforts to improve its title IV-E foster care eligibility program since the previous primary review conducted in September 2009. We particularly note the continued work of the Courts in ensuring that court orders consistently meet the requirements for title IV-E eligibility.

In selecting the cases for the review, CDSS was provided a list of cases randomly selected from data submitted by the State to the Adoption and Foster Care Analysis and Reporting System (AFCARS). Initially, we provided 80 cases plus 21 oversample cases in the event that some cases needed to be dropped (e.g., the case was closed prior to the PUR or documentation was provided to demonstrate that title IV-E was not the source of payment) from the review. It should be noted that to ensure that California had the minimum number of cases available for review the Regional Office requested an additional oversample list. CDSS and Regional Office staff reviewed approximately 114 cases before the 80 (plus a few back-up cases) could be confirmed for the Review. Roughly 20 percent of the 114 cases were reported to AFCARS in error and needed to be dropped from the review list. More concerning is that of the cases that were dropped a significant number of them should never have been reported to AFCARS for the PUR because they had been closed to the foster care program for a number of years. The Regional Office will be providing CDSS with a detailed analysis of these cases in a separate correspondence.

This letter constitutes our formal notice of disallowance of \$23,711 in foster care maintenance payments and \$45,121 in related administrative costs for title IV-E funds claimed improperly for the error cases and non-error cases with ineligible payments.

Since the amount of disallowed funds was previously included in Federal payments made to the State, you must repay these funds by including a prior period decreasing adjustment on appropriate lines in Parts 1 and 2 of the Form CB-496. The Form CB-496 must be submitted within 30 days of the date of this letter in order to avoid the assessment of interest. The State must cease claiming title IV-E payments associated with the improperly paid cases until eligibility is substantiated for them.

This is the final decision of the Children's Bureau. If you disagree with the decision about the review findings, Federal regulations at 45 CFR Part 16 permit you to appeal this decision directly to the Departmental Appeals Board (the Board). Your written request to appeal must be sent within 30 calendar days of receiving this notice of finding and payment disallowance. The use of registered or certified mail, return receipt requested, is recommended to establish the mailing date of all correspondence. The letter to appeal this decision should be sent to:

U.S. Department of Health and Human Services
Departmental Appeals Board, MS 6127
Appellate Division
330 Independence Ave., SW
Cohen Building, Room G-644
Washington, D.C. 20201

You must attach a copy of this decision to your appeal notice and the notice must state the amount in dispute and the reason you think this decision is wrong. A copy of your appeal also should be sent to Douglas Southard the CB Child Welfare Regional Program Manager in Region IX. The Board will notify you of further procedures.

If you appeal, you may elect to repay the amount at issue pending a decision by the Board, or you may retain the funds pending that decision. An adjustment to return the disallowed funds for the purposes of avoiding interest assessment must be made through the use of the Form ACF-IVE-1, as described above. If you retain the funds and the Board sustains all or part of the disallowance, interest will be charged starting from the date of this letter on the funds the Board decides were properly disallowed. Regulations at 45 CFR Part 30 details how interest will be computed.

In the event you choose to take no action to return the funds, it will be assumed you have elected to retain the funds either to appeal or to delay recoupment of the funds until the next issued grant award. Interest will continue to accrue on the Federal funds retained by the State during this period.

I thank you and your staff for the efforts that were made to prepare for and participate with us in this review. My staff look forward to working with your agency to continue to improve State implementation of the Federal requirements and to improve services to children and families. Please contact Debra Samples (415) 437-8626 if you have any questions about this review. Questions concerning the disallowance should be directed to Debra Samples or John Bausch (415) 437-8652.

Sincerely,



Joseph J. Bock
Acting Associate Commissioner
Children's Bureau

Enclosure

cc: Douglas Southard CB Regional Child Welfare Program Manager Region IX; San Francisco, CA
Debra Williams Acting Branch Chief; Children and Family Services Division; CDSS; Sacramento, CA
Gail Collins, Director, CB Division of Program Implementation; Washington, DC