

September 30, 2002

Ms. Pheon E. Beal, Director
Division of Social Services
Department of Health and Human Services
325 North Salisbury Street
Raleigh, North Carolina 27603

Dear Ms. Beal:

During the week of August 26, 2002, Administration for Children and Families (ACF) staff from both the Central and Regional Offices, together with State staff from the Division of Social Services, conducted an eligibility review of North Carolina's title IV-E foster care program.

The purpose of the review was (1) to determine if North Carolina is in substantial compliance with the child and provider eligibility requirements pursuant to 45 CFR 1356.71 and Section 472 of the Social Security Act, and (2) to validate the basis of North Carolina's financial claims to ensure that appropriate payments were made on behalf of eligible children to eligible foster care providers.

A review sample of 80 cases was drawn from a universe of title IV-E payments for the review period of October 1, 2001 through March 31, 2002. Four cases were dropped and replaced by over-sample cases when it was determined that no payments were made on behalf of these cases during the review period.

We are pleased to inform you that no error cases were identified in the sample, a rare feat even among States found to be in substantial compliance with eligibility rules. We commend your staff for their efforts at insuring the integrity of this important entitlement program.

In addition, the review team observed two positive trends in the cases that were reviewed. First, it was noted that there were very few long-term foster care cases. Most of the children had been in care less than two years. This positive outcome may be the result of a second trend indicated, that of frequent judicial hearings throughout the stays in foster care. It was readily apparent the court system, working in conjunction with the Department of Social Services, was responsive to foster care cases and was not inclined to delay or otherwise put off decisions on permanency outcomes.

During the review, several cases required re-construction of eligibility related to AFDC connectedness due to misleading language on the documentation form then in use, the DSS-

5120. That form equated need (and hence eligibility) on the question of whether the child would have been eligible for Temporary Assistance to Needy Families (TANF), called Work First in North Carolina. For title IV-E purposes, the proper question would have been whether the child would have been eligible for AFDC as it existed in July of 1996. This form has since been changed, and we are reviewing the new form and accompanying instructions for clarity and precision. A separate report of relevant findings and suggestions for this material will be sent under a separate cover.

We appreciate the hard work that went into the preparation of this review, with a special thanks to Sara Anderson Mims, who took the lead in coordinating and organizing the pre-review activities which resulted in a record completion time, despite a smaller than usual federal review team.

If you have any questions regarding the review or its findings, please call Fred Ritchie at 404-562-2902.

Sincerely,

Carlis V. Williams
Southeast Regional Administrator