

# **Arizona Title IV-E Foster Care Eligibility Review Final Report**

## **Period Under Review: April 1, 2006-September 30, 2006**

### **Introduction**

During the week of March 5-9, 2007, Children's Bureau (CB), Administration for Children and Families (ACF), staff from the Central and Regional Offices and State of Arizona, conducted an eligibility review of Arizona's title IV-E foster care program in Phoenix.

The purposes of the title IV-E foster care eligibility review were, (1) to determine if Arizona was in compliance with the child eligibility requirements as outlined in 45 CFR 1356.71 and section 472 of the Social Security Act; and, (2) to validate the basis of Arizona's financial claims to ensure that appropriate payments were made on behalf of eligible children placed in qualified homes and institutions.

In addition, to maximize the presence of the review team and inform the State and CB about compliance with the State's claiming of title IV-E funds on behalf eligible juvenile justice youth (as a result of the title IV-E Agreement between the DES and the AOC), the team reviewed an additional 10 juvenile justice cases. A summary of findings regarding these cases, including recommendations may be found at the end of this report.

### **Scope of the Review**

The Arizona title IV-E foster care eligibility review encompassed a sample of all of the title IV-E foster care cases that received a foster care maintenance payment during the period under review (PUR), April 1, 2006 to September 30, 2006. A computerized statistical sample of 100 cases was drawn from the Adoption and Foster Care Analysis and Reporting System (AFCARS) data submission, which was transmitted by the State agency to CB for the PUR. The child's case file was reviewed for the determination of title IV-E eligibility and the provider's file was reviewed to ensure that the foster family home or childcare institution in which the child was placed was licensed or approved for the period of the review.

During this primary review, 80 cases were reviewed. One case (sample number 10) was determined to be in error for either part or all of the review period. The ineligible maintenance payments in the amount of \$10,455 and the associated administrative costs in the amount of \$15,708 are subject to disallowance. Since the number of error cases was fewer than five, CB has determined Arizona to be in substantial compliance.

Five cases (sample numbers 2, 14, 17, 26, and 27) were determined to contain payments that were claimed improperly. Although these cases are not considered "error cases" for determining substantial compliance because the improper payments were made outside the PUR, the ineligible maintenance payments and the associated administrative costs are subject to disallowance. A disallowance in the amount of \$177 in maintenance payments is assessed for these ineligible payments.

Seven cases (sample numbers 8, 9, 22, 37, 52, 58, and 62) were identified as having underpayments. An underpayment is considered to have occurred when a title IV-E payment is not claimed, but may have been claimed for an allowable IV-E activity or a period of eligibility. The total estimated amount of identified underpayments was \$5,116 for maintenance payments.

## **Case Record Summary**

The following summary details the case findings for the one error case, the five non-error cases with ineligible payments, the reasons for ineligibility, the ineligible periods, the underpayments, and the appropriate citations:

### **Error Case- Sample number 10**

State staff indicated that it had recently instituted in-home court dependency. This process in essence allows a child to remain in the home and provides court supervision and placement authority to the child welfare agency. The State incorrectly assumed that this authority was sufficient documentation to meet the title IV-E requirements for removal and placement into foster care.

One case (sample number 10) was determined to be in error because title IV-E payments were claimed during the PUR for a child who was removed without a valid removal for the foster care episode. The child was declared an adjudicated dependent and placed with parents under the supervision of the agency on December 8, 2004. On March 17, 2005, the child was removed from the home. In order to claim title IV-E funds, the State should have obtained a court order that coincided with the removal and that provided a finding of contrary to the welfare, which did not occur. (For title IV-E purposes a valid removal is a physical or constructive removal of the child from the parent or another specified relative who signs the voluntary placement agreement or whose home is the subject of the judicial findings of "contrary to the welfare.") A valid removal has not occurred when the court ruling or voluntary placement agreement sanctioning the legal removal of the child from the specified relative is issued and the child is allowed to remain in that same specified relative's home for a period (45 CFR 1356.21(k)(2)).

The Child Welfare Policy Manual (CWPM) section 8.3A.6 clarifies that "...[t]he judicial determination that results in the child's removal must coincide with (i.e., occur at the same time as) the agency's action to physically or constructively remove the child, unless the court order specifies an alternative timeframe for removal, as allowed for in the Departmental Appeals Board (DAB) decision # 2017...." Furthermore, the policy clarifies that ... "[s]tates cannot issue "blanket" removal orders, however, in an attempt to guarantee title IV-E eligibility in the event that the child has to be removed from home at some point in the future."

The child was removed from the home without a court order that coincided with the removal and that provided a finding of contrary to the welfare. Statutory and Regulatory Citations: Section 472(a)(1), 45CFR 1356.21(c) and 45 CFR 1356.21(k)(2). The ineligible period is March 17, 2005 until current.

### **Recommendations:**

The State should reassess its process for removing children who are adjudicated dependents but remain in-home to ensure that, should a removal occur, it meets the statutory requirement (i.e., the removal is a result of a signed voluntary placement agreement or pursuant to a judicial order with a findings that it is contrary to the welfare for the child to remain in the home) for title IV-E funding.

### **Non-error case with ineligible payments**

There were five non-error cases with ineligible payments. Ineligible payments occurred outside the PUR in four cases (sample numbers 2, 17, 26, and 27) when the child was removed from the home at the end of one month and the valid court order that sanctioned the removal and provided the contrary to the welfare findings occurred in the early days of the following month. In these cases, the State claimed costs prior to the month in which all IV-E eligibility requirements were made. Ineligible payments were made in case sample number 14 because an eligible provider was paid twice for the same day.

**Sample number 2:** The child was removed on December 29, 2004; the court order that sanctioned the removal and provided the contrary to the welfare findings was made on January 6, 2005. Statutory and Policy Citations; Section 472 (a)(1) and Child Welfare Policy Manual 8.3A.15 question and answer 1. The ineligible period is December 29, 2004 until December 31, 2004.

**Sample number 14:** The provider was paid twice for the same day for this child. The ineligible payment is for September 30, 2005.

**Sample number 17:** The child was removed on November 29, 2005; the court order that sanctioned the removal and provided the contrary to the welfare findings was made on December 5, 2005. Statutory and Policy Citations: Section 472 (a)(1) and Child Welfare Policy Manual 8.3A.15 question and answer 1. The ineligible period is November 29, 2005 until November 30, 2005.

**Sample number 26:** The child was removed on February 28, 2006; the court order that sanctioned the removal and provided the contrary to the welfare findings was made on March 6, 2006. Statutory and Policy Citations: Section 472 (a)(1) and Child Welfare Policy Manual 8.3A.15 question and answer 1. The ineligible period is February 28, 2006.

**Sample number 27:** The child was removed on November 28, 2004; the court order that sanctioned the removal and provided the contrary to the welfare findings was made on December 2, 2004. Statutory and Policy Citations: Section 472 (a)(1) and Child Welfare Policy Manual 8.3A.15 question and answer 1. The ineligible period is November 28, 2004 until November 30, 2004.

### **Recommendations:**

The State should institute a quality review and staff training process to ensure that required court information and documentation are accurately input into the CHILDS system and correctly used by eligibility staff to link eligible IV-E payments. The State should also monitor to ensure that payments are not made for a month until all criteria are met in that month.

### **Non- error cases with identified underpayments**

Seven non-error cases were identified with underpayments. Underpayments were made in three cases (sample numbers 8, 37, and 52) when children were placed in the care of unlicensed providers, usually relatives, who later became licensed foster family homes. Even though the child had been in the home for the entire month in which the family was licensed and all other criteria were met, the State prorated IV-E claims rather than claim for the full month in which all criteria were met. We were not able to confirm the exact reasons the State did not claim all eligible payments in sample numbers 9, 22, 58, and 62, identified with underpayments. However, these unclaimed underpayments may be linked to programming in the CHILDS system that was created as a safeguard to prevent IV-E payments from being made until it receives input that all IV-E criteria are met.

**Sample number 8:** The child was placed with an unlicensed provider on December 4, 2005; all other eligibility criteria were met. The provider was licensed on April 21, 2006. The State could have claimed IV-E payments beginning April 1, 2006, rather than May 1, 2006. Policy Citation: Child Welfare Policy Manual 8.3A.15 question and answer 1.

**Sample number 9:** The child was placed with a licensed provider on May 15, 2006; the provider was licensed for the period that covered May 23, 2005 until May 22, 2006 and then May 23, 2006 until May 22, 2007. All eligibility criteria were met by the child in May 2006. The State may have claimed IV-E payments beginning May 15, 2006. Policy Citation: Child Welfare Policy Manual 8.3A.15 question and answer 1.

**Sample number 22:** The child was placed with a licensed out-of-state provider on January 2, 2006. The provider was licensed for a period that covered December 16, 2005 until December 1, 2007. All other eligibility criteria were met by the child prior to January 2006. The State did not begin claiming IV-E payments until June 16, 2006. The State may have claimed IV-E payments for the period beginning January 2, 2006. Policy Citation: Child Welfare Policy Manual 8.3A.15 question and answer 1.

**Sample number 37:** The child was placed with a licensed provider on April 12, 2006; the provider was licensed for the period July 17, 2005 until July 16, 2006 and then July 17, 2006 until July 16, 2007. All other eligibility criteria were met by the child in April 2006. The State could have claimed IV-E payments for the period beginning April 12, 2006 until May 18, 2006 when the child was placed with an unlicensed relative. Policy Citation: Child Welfare Policy Manual 8.3A.15 question and answer 1.

**Sample number 52:** The child was placed with an unlicensed provider on April 29, 2005. The provider became licensed for the period July 27, 2005 until July 26, 2006 and then July 27, 2006 until July 26, 2007; all other eligibility criteria were met in May 2005. The State could have claimed IV-E payments for the period beginning July 1, 2005. Policy Citation: Child Welfare Policy Manual 8.3A.15 question and answer 1.

**Sample number 58:** The child was placed with a licensed provider on July 11, 2006. The provider became licensed for the period February 25, 2006 until February 24, 2007; all other criteria were met. The State could have claimed IV-E payments for the period July 11, 2006 until July 17, 2006 when the child was placed with an unlicensed relative. Policy Citation: Child Welfare Policy Manual 8.3A.15 question and answer 1.

**Sample number 62:** The child was placed with a licensed provider on November 22, 2005. The provider was licensed for the period October 30, 2005 until October 29, 2006 and then September 20, 2006 until October 29, 2007; all other criteria were met in November 2005. The State could have claimed IV-E payments beginning November 22 rather than December 1, 2005. Policy Citation: Child Welfare Policy Manual 8.3A.15 question and answer 1.

**Recommendation:**

The State should institute a quality assurance process to ensure that the required licensing information and documentation are accurately entered into the CHILDS to ensure that the State fully claims eligible IV-E costs.

**Strengths and Model Practices**

- The judicial determinations regarding the “contrary to the welfare” and “reasonable efforts to prevent removal” findings (Social Security Act 472(a)(1)) were timely and clearly documented in the court orders.
- The judicial determinations regarding reasonable efforts to finalize a permanency plan (45 CFR 1356.21(b)(2)) were assessed at every six month review hearing.
- The court orders were individualized and it was clear that the Court was aware of the child’s circumstances.
- The agency’s authority for placement and care placement (Social Security Act Section 472(a)(2)) was clearly documented in the court orders.
- The provider licenses and criminal history cards and clearances (45 CFR 1356.71, Social Security Act section 471(a)(20) and 45 CFR 1356.30) were included in the family foster homes and child care institutions providers files.

**Areas in Need of Improvement**

- Strengthen court ordered findings to clarify that the agency had made reasonable efforts to finalize the permanency plan. In some court orders the findings indicated that the

agency had made “reasonable efforts.” It was often unclear to what the “reasonable efforts” finding was referring.

- Ensure that required judicial information being input into CHILDS and used to determine a child’s eligibility is accurate. Reviewers identified a few cases in which the initial eligibility determination was based on the incorrect month because eligibility staff used the date of physical removal, rather than the date in which the petition to remove was filed or the date of the first court order that sanctioned the removal. The State was permitted to reconstruct the initial eligibility using the correct month.

## **Disallowances**

The review included a sample of 80 cases. The sample was drawn from a universe of cases that received at least one title IV-E foster care maintenance payment during the six-month AFCARS period of April 1, 2006 to September 30, 2006. Based upon the results of the review, the State of Arizona has been determined to be in substantial compliance. One case was determined not to be eligible for funding under title IV-E foster care. Therefore, a disallowance in the amount of \$26,163 in Federal Financial Participation (FFP) is assessed for the entire period of time the case was determined to be in error.

In addition, five cases were identified as non-error cases but ineligible payments were made. A disallowance in the amount of \$177 in FFP is assessed for entire time these cases were determined to be ineligible. See **Table 1** for case details.

**Table 2** provides case specific details related to the estimated underpayments, those allowable costs and periods of eligibility for which the State could have claimed title IV-E funds.

**Summary of Disallowances  
Table 1**

<b>AZ IVE Review MARCH 2007</b>	<b>ERROR CASE</b>	<b>NON-ERROR INELIGIBLE PAYMENTS</b>				<b>OVERPAYMENTS</b>	
<b>FISCAL YEAR</b>	#10	#2	#17	#26	#27	#14	<b>TOTAL</b>
2007 Maintenance Disallowance	\$ 1,672.49						\$ 1,672
2007 Federal Admin Disallowance	2,849.00						\$ 2,849
2006 Maintenance Disallowance	5,826.31		32.82	63.26			\$ 5,922
2006 Federal Admin Disallowance	8,258.00		0	0			\$ 8,258
2005 Maintenance Disallowance	2,956.04	42.33			29.77		\$ 3,028
2005 Federal Admin Disallowance	4,601.00	0			0		\$ 4,601
1998 Maintenance Disallowance						8.53	\$ 9
							\$ -
<b>TOTAL FFP MAINTENANCE DISALLOWANCE</b>	\$ 10,455	\$ 42	\$ 33	\$ 63	\$ 30	\$ 9	\$ 10,632
<b>TOTAL FFP ADMIN DISALLOWANCE</b>	\$ 15,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,708
<b>Reason</b>	Invalid Removal	Child removed and CTW in different months	Paid provider twice for same day				
<b>Error Case Total</b>	\$ 26,163	<b>Ineligible Payment Total</b>	\$ 168	<b>Overpayment Total</b>	\$ 9		\$ 26,340
<b>TOTAL FFP DISALLOWANCE ALL SAMPLES</b>							
	\$ 26,340						

AZ FMAP Rates

1998  
61.47%

2005  
67.45%

2006  
66.98%

2007  
66.47%

**Summary of Estimated Underpayments  
Table 2**

<b>AZ IVE Review MARCH 2007</b>	<b>ESTIMATED UNDERPAYMENTS</b>							
<b>FISCAL YEAR</b>	#8	#9	#22	#37	#52	#58	#62	<b>TOTAL</b>
2006 FFP Estimated Underpayment	\$ 452.12	\$ 379.44	\$ 2,402.36	\$ 286.34		\$ 590.76	\$ 608.55	\$ 4,719.56
2005 FFP Estimated Underpayment					\$ 396.71			\$ 396.71
								\$ -
<b>Reason and dates</b>	Child eligible, provider qualified 4/1/06. No IVE claimed until 5/1/06.	Child eligible, provider qualified 5/15/06. No IVE claimed until 6/1/06.	Child eligible, provider qualified 01/02/06. No IV-E claimed until 6/16/06	Child eligible, provider qualified 7/1/05-7/1/06. No IVE claimed in April 06.	Child eligible, provider qualified for 7/27/05 not all eligible claims made.	Child eligible, provider qualified, 7/11/06-7/17/06 and no claims were made.	Child eligible, provider qualified 11/22/05. No IVE claimed until 12/05.	
<b>Estimated IVE FFP dollars potentially claimable</b>								<b>\$ 5,116.27</b>

AZ FMAP Rates	2005	2006
	67.45%	66.98%

## Case Record Summary for Juvenile Justice Cases

### Scope of the Review

In an effort to provide feedback to the State and the Regional Office on the title IV-E compliance for cases under the authority of the title IV-E Agreement between DES and AOC, which was signed on June 24, 2005, the team also reviewed a random number of juvenile justice cases. The IV-E Agreement permits the State to claim IV-E costs on behalf of eligible children who are in the care and control of the State's Probation Department. The State randomly selected ten cases for the review, five each from Pima and Maricopa Counties. Currently, these are the only two Counties participating in this agreement.

### Summary of Findings

Of the ten cases reviewed, three cases (JJ3, JJ9, and JJ10) were found to be ineligible and are summarized below.

**Sample number JJ3:** This case was in error because the reasonable efforts to prevent removal finding was not made within 60 days of removal. Initially, the State had not identified the correct removal episode. That is, the child was not living with and removed from the home on which the eligibility determination was made. Statutory Citation: Social Security Act section 472(a)(1), 471(a)(15)(B)(i).

**Sample number JJ9:** This case was in error because the child was not living with and legally removed from the same specified relative's home on which the AFDC linkage is made. Statutory Citation: 472(a)(1) and (4); Regulatory Citation: 45 CFR 1356.71(d)(1)(v).

In these two cases (JJ3 and JJ9), the State incorrectly considered the time of removal and beginning of the foster care episode to be at the time when the child was removed from the home of the relative substitute care provider. To explain, the Probation Department had previously legally removed the child from a parent or legal guardian and placed with a relative substitute care provider and supervised the placement. The Probation Department was vested with placement, care, and supervision of the child.

**Sample number JJ10:** This case was in error because the required judicial determination of contrary to the welfare findings was not made. Statutory Citation: 472(a)(1), 471(a)(15)(B).

### Strengths

The Department of Economic Security and the Administrative Office of Courts are collaborating and efforts are being made to accurately assess eligibility for these cases.

### Areas in Need of Improvements

- Consolidate multiple court orders. Some cases (sample numbers JJ1, JJ2, JJ3, JJ4 and JJ5) had multiple written court orders generated for findings from a single hearing.
- Clarify and strengthen the findings pertaining to the Probation Department's authority for placement and care. In some cases, it was not clear whether placement and care responsibility rest with the Probation Department or the parent or legal guardian.

## Case Record Summary for Juvenile Justice Cases

- Improve case documentation of the child's placement history. In some cases, it was difficult to tell where the child was or had been placed for a specific period.
- Ensure that AFDC eligibility linkage is to the home of the specified relative from whom the child is legally removed. In some cases, the child had been removed from a parent or legal guardian and placed with another relative under the placement, care and supervision of the Probation Department. The Probation Department had considered the new relative as the "specified relative" from whom removed, even though the relative was not a parent or legal guardian. Therefore, a legal removal had not occurred.

### Recommendations:

- DES and AOC work with the Court Improvement Program (CIP) to ensure that multiple court orders that are currently generated from a single hearing are consolidated and that AOC and Judicial staff are trained on new processes.
- DES, AOC and CIP are encouraged to develop a quality assurance process to ensure that IV-E eligibility criteria are monitored and that staff training across agencies occur on an on-going basis.
- DES, AOC and CIP should continue to collaborate and reassess the need for training and technical assistance opportunities through the National Resource Center on Legal Judicial Issues in order to improve implementation of the IV-E Agreement.
- DES and AOC are strongly urged to seek feedback (e.g., review and comments on any draft policies and/or procedures being considered to improve implementation of the IV-E Agreement) from the CB Regional Office. In addition, the Regional Office is also available for ongoing technical assistance.
- DES and AOC are encouraged to create processes that are consistent across counties.

### Disallowances

Three cases were determined to be ineligible for funding under title IV-E foster care. Therefore, a disallowance in the amount of \$66,271 in Federal Financial Participation (FFP) is assessed for the entire period of time these cases were determined to be in error. **Table 3** provides a summary of ineligible payments for each case.

**Summary of Disallowances for Ineligible Juvenile Justice Cases  
Table 3**

<b>AZ IVE Review MARCH 2007</b>	<b>JUVENILE JUSTICE ERRORS CASES</b>				<b>TOTAL</b>
	<b>#JJ3</b>	<b>#JJ9</b>	<b>#JJ10</b>		
2007 FFP Maintenance Disallowance	\$ 1,664.12	\$14,189.22	\$12,855.00		\$ 28,708
2007 Federal Admin. Disallowance	712.00	2,849.00	2,849.00		\$ 6,410
2006 FFP Maintenance Disallowance	658.68	21,483.62	4,193.92		\$ 26,336
2006 Federal Admin. Disallowance	0.00	4,129.00	688.00		\$ 4,817
<b>TOTAL FFP MAINTENANCE DISALLOWANCE</b>	\$ 2,323	\$ 35,673	\$ 17,049		\$ 55,044
<b>TOTAL FFP ADMIN DISALLOWANCE</b>	712	6,978	3,537		\$ 11,227
<b>Total FFP Disallowance</b>	\$ 3,035	\$ 42,651	\$ 20,586		\$ 66,271
<b>Reason</b>	No RE to prevent removal	Child not living with and legally removed from the same specified relative	No contrary to the welfare finding was made.		
<b>TOTAL FFP DISALLOWANCE ALL JJ SAMPLES</b>	<b>\$ 66,271</b>				

AZ FMAP Rates	2006	2007
	66.98%	66.47%