

NORTH CAROLINA

TITLE IV-E FOSTER CARE PRIMARY ELIGIBILITY REVIEW

FOR THE PERIOD APRIL 1, 2007 THROUGH SEPTEMBER 30, 2007

Introduction

During the week of June 23 – June 27, 2008, Children’s Bureau (CB) staff from Central and Regional Offices, cross-State peer reviewers, and State of North Carolina staff conducted an eligibility review of North Carolina’s title IV-E Foster Care Program. The purposes of the review were: (1) to determine if North Carolina was in compliance with the eligibility requirements as outlined in 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 residing in licensed or approved foster family homes and child care institutions.

Scope of the Review

The North Carolina review encompassed a sample of the title IV-E foster care cases that received a foster care maintenance payment during the period of April 1, 2007 through September 30, 2007. A statistical sample of eighty (80) cases was drawn from data submitted to the Adoption and Foster Care Analysis and Reporting System (AFCARS) by the State agency for the period under review. Each 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 home or child care institution in which the child was placed was licensed or approved for the period of the review.

This review was classified as a primary review as defined by 45 CFR 1356.71.

Case Record Summary

During the primary review, eighty (80) cases were reviewed. Two cases were determined to be in error for either part or all of the review period. One case was determined to be in error due to the safety requirements not being met, and the other case was determined to be in error for ongoing judicial activity. The specifics of the findings are listed below:

- Case #42 - This case was not in compliance because the child was placed in an unlicensed foster home from 5/1/07 through 6/30/07, while title IV-E maintenance payments were made to another foster home during this time. These ineligible title IV-E maintenance payments were made during the period under review.
- Case #66 – This case was not in compliance for the entire period under review because no judicial determination for reasonable efforts to finalize the permanency plan was made during the period under review. The judicial determination was due 12/14/05 but was never completed because parental rights had been terminated. Title IV-E payments were made during the period under review from April 1 – July 31, 2007. This case

contained additional ineligible payments outside the period under review (1/1/06 – 1/31/06 and 10/1/07 - 2/29/08) because the judicial determination for reasonable efforts to finalize a permanency plan was not completed timely. Also, the judicial finding for contrary to the welfare was not made prior to title IV-E funds being claimed. The child was removed from the home 4/12/96 and the judicial determination regarding contrary to the welfare was made 5/7/96. Accordingly, title IV-E funds should not have been claimed for 4/96.

The review team also identified four (4) eligible cases with ineligible payments occurring outside the period under review.

- In case # 8 – a judicial determination for reasonable efforts to prevent removal was not made prior to title IV-E funds being claimed. The child was removed from the home 1/27/06 and the judicial finding of reasonable efforts to prevent removal was made on 2/1/06. Accordingly, title IV-E funds should not have been claimed for 1/06.
- In case #25 – a judicial determination for reasonable efforts to prevent removal was not made prior to title IV-E funds being claimed. The child was removed from the home 7/28/06 and the judicial finding of reasonable efforts to prevent removal was made on 8/1/06. Accordingly, title IV-E funds should not have been claimed for 7/06.
- In case #37 – a judicial determination for reasonable efforts to prevent removal was not made prior to title IV-E funds being claimed. The child was removed from the home 4/17/05 and the judicial finding of reasonable efforts to prevent removal was made on 5/25/05. Accordingly, title IV-E funds should not have been claimed for 4/05.
- In case #74 – a judicial determination for reasonable efforts to prevent removal was not made prior to title IV-E funds being claimed. The child was removed from the home 1/27/06 and the judicial finding of reasonable efforts to prevent removal was made on 2/1/06. Accordingly, title IV-E funds should not have been claimed for 1/06.

Attachments A and B of this report detail each sample case, the reason(s) for ineligibility and the ineligible dollar amounts associated with each case.

Areas Identified On-site as Strengths in the Title IV-E Foster Care Eligibility Review:

The review identified numerous strengths and model practices. North Carolina Department of Health and Human Services (DHHS) staff demonstrated exceptional knowledge of title IV-E eligibility provisions. The strengths noted include the following:

- Although not the focus of this review, concurrent planning appeared to be an established practice. Judicial findings included reasonable efforts toward finalizing both permanency plans.
- Court orders had the appropriate language regarding the findings of reasonable efforts to prevent removal, reasonable efforts to achieve permanency, and contrary to the welfare

for the child to remain in the home. In addition, the court orders were individualized, provided child-specific details, and addressed efforts to engage fathers.

- Court hearings were usually timely and often held more frequently than required by Federal regulations. The frequency of court hearings may result in more timely achievement of permanency, especially in reunification cases.

Areas In Need of Improvement:

- During the on-site review, it was noted that in some cases there was no consistency in obtaining judicial findings to finalize permanency plans after the termination of parental rights.
- In the different court proceedings, the on-site review revealed many continuances; however, due to the frequency of the hearings the State usually met the twelve-month deadline to make reasonable efforts to finalize permanency plans.
- There were cases in which ineligible payments were made due to judicial determinations not being made timely and title IV-E funds were claimed for the ineligible periods. The State should implement a process that ensures title IV-E funds are not claimed prior to establishing and documenting eligibility.
- The handwritten Aid to Families with Dependent Children worksheets were not always clear. As a result, it was difficult to determine the time period covered for the eligibility determination. The State may want to consider automating this process in the future.

Findings and Disallowances:

The State is not eligible to receive Federal Financial Participation (FFP) for the two error cases identified during the on-site review. The State also is ineligible for title IV-E foster care administrative costs relating to these error cases. The amount of ineligible maintenance payments for these cases is \$10,195 in FFP. The related unallowable administrative costs for these cases are \$5,556 in FFP. The State also has an obligation to identify and repay any ineligible payments that occurred for these error cases subsequent to the period under review.

In addition to the above error cases, the review team identified four (4) non-error cases with ineligible payments occurring outside the period under review. These additional findings were not considered in the determination of North Carolina's substantial compliance with Federal requirements. The State is, nevertheless, not eligible to receive FFP for these cases under the title IV-E program. The amount of ineligible maintenance assistance payments for these cases is \$1,095 in FFP. The related unallowable administrative costs for these cases are \$1,284 in FFP.

Underpayments:

During the review, we also discovered thirteen (13) cases where children were eligible for title IV-E during a period of time; however, they were not paid with title IV-E funds. These

underpayments are not considered in the determination of the State's substantial compliance nor are they considered disallowances. However, some of the allowable expenditures may be claimed by filing an increasing adjustment on the IV-E-1 Foster Care and Adoption Assistance Report in the next quarter, but no later than 2 years after the calendar quarter in which the State agency made the expenditure. Since the full payment history was not provided to CB, the Administration for Children and Families, prior to or at the time of the review as originally requested, we were unable to determine the amount of underpayment claims.