

**Memorandum**

Date **OCT 21 1992**

From Bryan B. Mitchell *Bryan Mitchell*
Principal Deputy Inspector General

Subject Review of Title IV-E Foster Care Maintenance Payments -
Illinois Department of Children and
Family Services (A-05-92-00075)

To Jo Anne B. Barnhart
Assistant Secretary for
Children and Families

The purpose of this memorandum is to alert you to the issuance on October 23, 1992 of our final report. A copy is attached.

The Title IV-E program offers foster care as an alternative when a child is removed from the home as a result of a voluntary placement agreement or a judicial determination. The required judicial determination is a court order that contains a statement that continued residence in the home would be contrary to the welfare of the child. After October 1, 1983, the court order must also indicate that reasonable efforts were made to prevent the child's removal or to make it possible for the child to return home.

For the period October 1, 1988 to September 30, 1990, the Illinois Department of Children and Family Services (State agency) claimed about \$106 million for reimbursement of Title IV-E maintenance assistance costs. The Federal financial participation (FFP) in this amount was about \$53 million. Our statistical sample of 200 maintenance payments showed that 37 of the payments were ineligible for reimbursement. We statistically projected that there is a 95 percent probability that at least \$5 million in FFP was improperly claimed by the State agency. We found that:

- o Thirty-four of the payments were not supported by a judicial determination containing a statement that reasonable efforts were made to prevent the child's removal from his home or reunite the child with his or her family;
- o Two payments were made to unlicensed foster care facilities; and
- o One payment was not supported by a case file.

Page 2 - Jo Anne B. Barnhart

We are recommending that the State agency strengthen its controls to ensure that all Title IV-E payments are made in accordance with Federal regulations. We are also recommending that the State agency make a financial adjustment of \$5,046,580 for the ineligible claims discussed in the audit report.

The State agency did not concur in 21 of the 37 payments questioned in our randomly selected sample of 200 maintenance payments. Regional operating division officials, however, concurred in our findings and recommendations.

If you have any questions, please call me or have your staff contact John A. Ferris, Assistant Inspector General for Human, Family and Departmental Services Audits at (202) 619-1175.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF TITLE IV-E FOSTER CARE
MAINTENANCE PAYMENTS**

**ILLINOIS DEPARTMENT OF CHILDREN
AND FAMILY SERVICES**



CIN: A-05-92-00075



DEPARTMENT OF HEALTH AND HUMAN SERVICES

REGION V
105 W. ADAMS ST.
CHICAGO, ILLINOIS 60603-6201

OFFICE OF
INSPECTOR GENERAL

Common Identification No. A-05-92-00075

Mr. Sterling Ryder, Acting Director
Illinois Department of Children
and Family Services
406 East Monroe Street
Springfield, Illinois 62701-1498

Dear Mr. Ryder:

Enclosed for your information and use are two copies of an Office of Inspector General audit report titled "Review of the IV-E Foster Care Maintenance Payments" covering the period October 1, 1988 through September 30, 1990.

Final determination as to actions taken on all matters reported will be made by the HHS action official. We request that you respond to the HHS 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. It should be directed to: Regional Administrator, Administration for Children and Families, Region V, 105 West Adams Street, 20th Floor, Chicago, Illinois 60603.

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), Office of Inspector General audit reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public, to the extent information contained therein is not subject to exemptions in the Act, which the Department chooses to exercise (See 45 CFR Part 5).

To facilitate identification, please cite Common Identification Number A-05-92-00075 in all correspondence relating to this report.

Sincerely,

Martin D. Stanton
Regional Inspector General
for Audit Services

Enclosures

cc: Ms. Marion Steffy

SUMMARY

This report provides you with the results of our review of Title IV-E Foster Care Maintenance Payments claimed by the Illinois Department of Children and Family Services (State agency). The audit covered approximately \$106 million of Title IV-E maintenance assistance expenditures claimed for the period October 1, 1988 through September 30, 1990. The Federal financial participation (FFP) in this amount was about \$53 million.

The primary objective of our audit was to determine whether the maintenance costs claimed by the State agency were eligible for reimbursement under Title IV-E. As part of our review, we selected a random sample of 200 foster care maintenance payments claimed by the State agency. We found that 37 of the 200 payments (18.5 percent) were ineligible for reimbursement as follows:

Judicial Determinations. The State agency claimed FFP for 34 payments that lacked the judicial determinations required by section 472 (a)(1) of the Social Security Act. To be eligible for FFP, the removal of children from the home must be based on a voluntary placement agreement or a judicial determination that finds continuation of residence in the home is contrary to the welfare of the child. For children placed in foster care after October 1, 1983, the Title IV-E program also requires that the judicial determinations contain a statement that reasonable efforts have been made to prevent the child's removal or to make it possible for the child to return home. Judicial determinations are supported by court orders, bench notes and official court transcripts. We noted that 34 of the sampled payments lacked judicial determinations containing the required "reasonable efforts" statement. Additionally, eight of these determinations also did not contain a statement to the effect that continuation of residence in the home is contrary to the welfare of the child.

Unlicensed Foster Care Facilities. Title IV-E requires that children be placed in facilities licensed or approved by the State agency. We noted that two children were living in unlicensed facilities. As a result, the

two payments made in their behalf were ineligible for reimbursement.

Missing Case File. The State agency claimed FFP for one foster care maintenance payment for which a supporting case file could not be located. Without a supporting case file, we were unable to determine for this payment that all requirements of Title IV-E had been met. As a result, the payment is not eligible for reimbursement.

We statistically projected that there is a 95 percent probability that at least \$10,093,160 (Federal share - \$5,046,580) was improperly charged to the Title IV-E program. We are recommending a financial adjustment of the \$10,093,160 (Federal share - \$5,046,580). We are also recommending that the State agency strengthen procedures and controls to ensure that all Title IV-E payments are fully supported and claimed in accordance with Federal regulations.

In a written response dated July 22, 1992, the State agency did not concur in 23 of the 39 payments questioned in our statistical sample of 200 maintenance payments. Based on our review of additional documentation furnished by the State, we have reduced the number of questioned payments from 39 to 37. Details are provided in the report narrative. The State agency's letter is included as Appendix C.

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INTRODUCTION

BACKGROUND

The 1967 amendments to the Social Security Act established foster care as a mandatory program under Title IV-A, Aid to Families with Dependent Children (AFDC). In 1980, the Adoption Assistance and Child Welfare Act, Public Law 96-272, established the Title IV-E program--Federal Payments for Foster Care and Adoption Assistance. Title IV-E authorized Federal funds to States to enable them to provide foster care and adoption assistance for children under an approved State plan.

Title IV-E offers foster care as an alternative when a child is removed from the home as a result of a voluntary placement agreement or a judicial determination. A judicial determination is a court order which contains a statement that continued residence in the home would be contrary to the welfare of the child. After October 1, 1983, the court order must also indicate that reasonable efforts were made to prevent the child's removal and to make it possible for the child to return home. Federal financial participation (FFP) is available to States for payments made to licensed or approved foster family homes and nonprofit private child care institutions.

The Title IV-E program is administered at the Federal level by the Department of Health and Human Services (HHS), Administration for Children and Families (ACF). The Illinois Department of Children and Family Services (State agency) is responsible for administering the Title IV-E program. The State agency's local offices determine and redetermine the eligibility of foster children and place these children into licensed homes, or in homes approved as meeting licensing standards.

During the period October 1, 1988 through September 30, 1990, the State agency reported expenditures of approximately \$106 million in maintenance payments under the Foster Care program. The State agency was reimbursed about \$53 million in FFP.

SCOPE

Our audit was conducted in accordance with generally accepted government auditing standards. The primary objective of our review was to determine whether foster care maintenance costs claimed by the State agency were eligible for reimbursement under Title IV-E.

To accomplish our audit objectives, we first determined whether reported Federal expenditures were in agreement with the State agency's accounting records. During the

period October 1, 1988 through September 30, 1990, the State agency claimed maintenance costs of about \$106 million under Title IV-E. These costs were comprised of 274,163 individual monthly payments. The Federal share of the Title IV-E payments was approximately \$53 million.

In addition, we compared the provisions of Title IV-E and implementing Federal regulations to the State agency's written foster care policies and procedures. We evaluated these written policies to ensure that they were in full compliance with Federal requirements.

To test compliance with State policies and Federal regulations, we utilized statistical sampling techniques. We selected a scientific random sample of 200 of the 274,163 monthly payments made by the State agency to foster care providers for the 2 Fiscal Years (FYs) ending September 30, 1990. The sample of 200 payments was generated at the State agency's Office of Information Services which maintains records for all foster care maintenance payments. All payments claimed in FYs 1989 and 1990 were included in the universe. (See Appendix A of this report for details regarding our sample methodology.)

We examined data in the case files and State agency central office records for each of the 200 payments selected in our sample. We identified the payments that did not meet FFP eligibility requirements and used a standard scientific estimation process to determine the probable number and amount of ineligible payments in the total population (274,163 payments made by the State agency). At our request, State agency personnel also reviewed their case files for payments that we determined were not in compliance with Title IV-E requirements.

We made a limited study and evaluation of the State agency's internal accounting controls to obtain an understanding of the control environment. Our review of the State agency's internal control structure was limited to the recording and reporting areas of the foster care accounting and program eligibility systems. The significant internal control areas included: recipient eligibility, Federal grant administration, and Federal financial reporting. For these areas, we obtained an understanding of the related policies and procedures in place and we assessed control risk.

We reviewed compliance with program eligibility requirements including licensing of foster care facilities, income determinations, AFDC eligibility, age requirements and appropriate judicial determinations for removal of the child from the home. Our limited review

would not necessarily have disclosed all internal control weaknesses relating to the State agency's accounting and program eligibility procedures.

Other than the issues discussed in the FINDINGS AND RECOMMENDATIONS section of this report, we found no instances of noncompliance with applicable laws and regulations. With respect to those items not tested, nothing came to our attention to cause us to believe that untested items were not in compliance with applicable laws and regulations.

Our review was conducted at the State agency during the period July 1991 through February 1992.

FINDINGS AND RECOMMENDATIONS

INELIGIBLE MAINTENANCE COSTS

For FYs 1989 and 1990, we estimate that the State agency claimed at least \$10,093,160 (Federal share - \$5,046,580) for foster care maintenance payments that were ineligible for reimbursement under the Title IV-E program. This occurred primarily because the State agency did not comply with certain eligibility requirements. Also, our review disclosed a need for improvements in the State agency's procedures and controls related to their claiming of Title IV-E costs.

Judicial Determinations

Section 472(a)(1) of the Social Security Act requires that removal of a child from the home must be either by a judicial determination or by a voluntary placement agreement. In order to claim FFP for payments made on behalf of children removed from the home by a judicial determination, there must be a court order signed by a judge that contains a statement that continuation of residence at home is contrary to the welfare of the child. For monthly maintenance payments made on behalf of a child removed from the home on or after October 1, 1983, the court order must also state that reasonable efforts were made to prevent the child's removal from the home. If the judicial determination is made subsequent to the removal of the child, the court order should also state that reasonable efforts were made to reunite the child with the family.

In our sample of 200 payments, we noted that judicial determinations relative to the removal of 34 of these children from their homes were not in compliance with Title IV-E requirements in that:

- o Court orders for 34 payments made on behalf of children removed from their homes after October 1, 1983, made no mention of reasonable efforts being made to prevent the child's removal from the home or, if subsequent to the removal, to reunite the child with his or her family. Fourteen of these payments were originally part of the incomplete case files finding discussed later in this report.
- o Court orders for 8 of the 34 payments also lacked a statement that continuation of residence in the home is contrary to the welfare of the child.

This noncompliance with Title IV-E requirements occurred because the State agency had not established procedures and controls to ensure that all payments claimed for reimbursement were supported by appropriate judicial determinations.

Policy guidance memoranda (ACYF-IM-87-28 and ACYF-PIQ-86-02) issued by the ACF define judicial determinations as court orders, bench notes or court transcripts. We accepted such documents as evidence of compliance with Federal requirements. However, 34 of the sampled payments were made to children who were removed from their homes without evidence of the required judicial determinations. As a result, the payments were not eligible for FFP under Title IV-E.

Unlicensed Foster Care Facilities

The State agency did not always ascertain that children were residing in licensed facilities prior to claiming reimbursement for foster care maintenance costs. Under the Title IV-E program, children must be housed in facilities licensed or approved by the State agency. Title IV-E, sections 472(b)(1) and (c)(1) of the Social Security Act provide that:

...Foster Care maintenance payments may be made...on behalf of a child...who is in the foster family home... [and] "foster family home" means a foster family home for children which is licensed by the State...or has been approved, by the agency of such State....

We noted that two children were living in unlicensed foster care homes. Because the State agency did not perform the licensing recertification of these homes in a timely manner, the two payments made to the homes are not eligible for reimbursement under Title IV-E.

Missing Case File

Federal regulations require that costs claimed for FFP be appropriately documented. Also, Office of Management and Budget Circular A-87, Cost Principles for State and Local Governments, states that for costs to be allowable, they must be adequately documented.

Our review disclosed that the State agency claimed FFP for one foster care maintenance payment for which a supporting case file could not be located. According to the State agency, the case file may have been lost or misplaced when the local office moved to a new location. Without a case file, we were unable to determine whether all the requirements of Title IV-E had been met for this payment. As a result, the payment was ineligible for FFP.

INCOMPLETE CASE FILES

Our review disclosed that the case files applicable to 42 of the sampled payments initially did not contain copies of judicial determinations. The State agency was subsequently able to provide us with official copies of judicial determinations for all 42 of the payments. The judicial determinations for 28 of the payments met the Title IV-E requirements; however, the remaining 14 payments were not supported by determinations containing the required "reasonable efforts" statement. These 14 payments are included in the 34 ineligible payments discussed under the report caption "Judicial Determinations."

Copies of judicial determinations should be maintained in the case files to support foster care maintenance payments. Further, they should be reviewed by the State agency prior to claiming reimbursement to ensure that all Title IV-E requirements have been met.

CONCLUSIONS AND RECOMMENDATIONS

We examined 200 transactions randomly selected from a population of 274,163 payments having a total value of about \$106 million. Thirty-seven of the payments were ineligible for reimbursement under Title IV-E. Using a standard scientific estimation process, we determined that there is a 95 percent probability that at least \$10,093,160 of the \$106 million claimed by the State agency for FFP was ineligible for Federal reimbursement. The State was reimbursed at least \$5,046,580 in FFP for these ineligible claims. See the attached Appendixes A and B for details on our sample methodology and projections.

Based on our statistical sample, we also estimate that, about 50,720 or 18.5 percent of the 274,163 foster care maintenance payments claimed by the State agency were ineligible for FFP. The primary reason the error rate was high was due to the fact claims were not supported by the required judicial determinations, foster care facilities were not licensed by the State, and one case file was missing. Accordingly, the State agency needs to strengthen its procedures and controls to ensure foster care payments claimed are fully supported.

Recommendations

We recommend that the State agency:

1. Make a financial adjustment in the amount of \$10,093,160 (Federal share - \$5,046,580) covering the period October 1, 1988 through September 30, 1990, for maintenance claims that were ineligible for reimbursement under the Title IV-E Foster Care program.
2. Strengthen its procedures and controls to ensure that all Title IV-E payments are fully supported and made in accordance with Federal regulations.

STATE AGENCY COMMENTS AND OIG RESPONSE

In their written comments dated July 22, 1992, the State agency did not concur with 23 of the 39 sampled payments questioned in our draft report. With respect to 20 of the 23 payments, the State maintains that since the cases were opened prior to October 1, 1986, they are exempt from the requirement that "reasonable efforts" be made to prevent the child's removal from the home. They contend that ACF policy permitted the States to delay implementation of this requirement from October 1, 1983 until October 1, 1986. With respect to the remaining three payments, the State agency provided additional documentation for the required judicial determinations. The State agency's response is included as Appendix C to this report. We have not included their attachments because of their bulk and to protect the confidentiality of the foster care families. The attachments, however, were provided to ACF regional office officials.

With respect to the three remaining payments questioned, we reviewed the additional documentation provided by the State. We determined that two of the three court transcripts contained the necessary language to support judicial determinations. Accordingly, we reduced the number of questioned payments from 39 to 37.

We do not agree with the State agency's contention that the effective date for compliance with the "reasonable efforts" requirement was October 1, 1986. The "reasonable efforts" requirement was enacted as part of the Adoption Assistance and Child Welfare Act of 1980, Public Law 96-272, and was clearly stated in the law itself as "effective October 1, 1983." Furthermore, ACF "Policy Announcement" ACYF-PA-84-1 dated January 13, 1984, was issued to the states to convey ACF's mandatory policy regarding the "reasonable efforts" requirement, and its effective date of October 1, 1983. The State argues, nevertheless, that a 1986 policy issuance from the program led the State to believe that no disallowances would be taken for foster care cases before 1986 in which "reasonable efforts" determinations had not been made. We have the following responses to the State's concerns.

First, contrary to the State's implication, the paragraph cited on page two of the State's July 22, 1992, letter was not contained in the 1986 official "Policy Information Question," ACYF-PIQ-86-02, that interpreted the judicial determination requirement, but instead was a quotation from an August 11, 1986, internal memorandum within the Department's Office of Human Development Services.

Second, even if the State obtained a copy of this internal memo, in no event could the State have relied upon a policy concerning the taking of fiscal disallowances before October 1, 1986, less than two months after the date of the memo itself which allegedly announced such policy. In other words, there would have been no opportunity for the State to have relied to its detriment upon such advice over the almost three year period between the October 1, 1983, effective date of the "reasonable efforts" requirement and this internal memo.

Third, as a legal matter, we question whether any such issuance could have superseded the statutory effective date of October 1, 1983, or that ACF would have had the authority to alter such effective date, had it chosen to do so in a formal issuance. Finally, it is the ACYF's position that the states were aware that the statement quoted in the State agency's July 22, 1992 letter was not intended to apply to the "reasonable efforts" requirement at all, but instead involved application of the requirement, effective in 1980, that the judicial determination consider whether continuation in the home would be "contrary to the welfare" of that child.

SAMPLE SELECTION METHODOLOGY
TITLE IV-E FOSTER CARE PROGRAM
OCTOBER 1, 1988 THROUGH SEPTEMBER 30, 1990

The Office of Information Services (OIS) within the Illinois Department of Children and Family Services maintains records of all foster care maintenance payments claimed, on a case-by-case basis. The OIS created a file based on the audit period, October 1, 1988 through September 30, 1990, defined by the Office of Inspector General, HHS. The file listed each foster care maintenance payment that was claimed in FYs 1989 and 1990.

The maintenance payments were arranged sequentially. The file listed in disbursement journal format, the case number, case name, service date, payment date, local office code, provider number and amount of each payment. The files for FYs 1989 and 1990 contained a total of 274,163 payments.

After the universe was defined, each payment was assigned a number from 1 to 274,163. Utilizing the Office of Inspector General (OIG), Office of Audit Services Statistical Program's Random Number Generator, 200 numbers between 1 and 274,163 were selected. The 200 numbers selected by the random number generator were then matched to the assigned numbers of the payments claimed for the 2 years.

The sample payments with identifying information were then printed out in a disbursement journal format. The disbursement journal was printed out in sequential order rather than in the order the payments were selected.

PROJECTED COST RECOVERY
UNDER THE TITLE IV-E FOSTER CARE PROGRAM
FOR THE PERIOD
OCTOBER 1, 1988 THROUGH SEPTEMBER 30, 1990

The projected cost recovery of \$10,093,160 was developed from an approved HHS OIG appraisal system that is designed to project audit results to the entire universe. The elements in the process used in projecting the cost recovery are detailed in the following paragraphs:

Universe. The Title IV-E Foster Care universe consists of 274,163 individual payments applicable to the period October 1, 1988 through September 30, 1990. The payments have a total value of \$106,118,467.

Sample Method. An unrestricted random sample was used. We used a variables sampling plan.

Sample Unit. The sampling unit was a monthly Foster Care maintenance payment claimed for FFP.

Sample Selection. The sample selection was accomplished with the assistance of the OIS within the Illinois Department of Children and Family Services. See Appendix A for the sample selection methodology.

Sample Size. The sample included 200 monthly Foster Care payments, in generated order, from the universe of 274,163 sampling units.

Precision. The point estimate was \$14,033,211. The precision amount was \$3,940,052, with a lower limit of \$10,093,160 at the 90 percent confidence level.

Appraisal Method. An approved OIG appraisal program was used to appraise the results of our review. The system provided a point estimate with upper and lower limits at the 90 percent confidence level. The point estimate at the 90 percent confidence level was \$14,033,211 with an upper limit of \$17,973,263 and a lower limit of \$10,093,160. Based on the lower limit, the Federal share was \$5,046,580.

Projection Results. The ineligible payments disclosed during our review were projected to the universe. We used the lower limit of the 90 percent confidence level in making our projection.

Based on the one-sided, lower limit concept, there is a 95 percent probability that for the period October 1, 1988 through September 30, 1990, at least \$10,093,160 was inappropriately charged to the Title IV-E program.

STATE AGENCY'S RESPONSE
TO DRAFT REPORT



STATE OF ILLINOIS

SUE SUTER
DIRECTOR

DEPARTMENT OF
CHILDREN AND FAMILY SERVICES

406 EAST MONROE
SPRINGFIELD, ILLINOIS 62701-1498

July 22, 1992

Martin D. Stanton
Regional Inspector General
for Audit Services
Department of Health and Human Services
Region V; 105 W. Adams Street
Chicago, Illinois 60603-6201

RE: COMMON IDENTIFICATION
No-A-05-92-00075

Dear Mr. Stanton:

This letter is in response to the draft report on the results of the review conducted by your office of Title IV-E Foster Care Maintenance payments covering the period October 1, 1988 through September 30, 1990. Please find below responses to issues raised in this draft report. Cases are referred to by sample number.

Judicial Determinations

(See Note) RE: Sample 10 This case was failed due to the lack of reasonable efforts language in the court order. Attached is a copy of the transcript (Exhibit A) which contains language fulfilling the reasonable efforts requirement.

RE: Sample #18 This case was failed due to the lack of a court order effecting placement. The judge in this jurisdiction regularly fails to issue orders related to court proceedings. The Department therefore offered docket entry notes (see attached Exhibit B) as evidence of the hearing and use of the required "best interest" language. Your office would not accept docket entry notes as evidence of a finding of "best interests". The Department argues that such documentation was accepted in the Stage One review conducted by D.H.H.S. in September, 1990.

Also attached is a copy of the transcript of the subject hearing (see attached Exhibit C). The legal language requirements are therefore substantiated.

(See Note) RE: Sample #118 This case was failed due to the lack of reasonable efforts language in the court order. Attached is a copy of the transcript (Exhibit D) which contains language fulfilling the reasonable efforts requirements.

AUDITOR'S NOTE: Based on review of transcripts, sample nos. 10 and 118 were subsequently accepted by the OIG Auditor.

RE: Sample Cases 6, 14, 50, 51, 52, 60, 66, 76, 85, 87, 91, 92, 100, 103, 153, 166, 170, 172, 179, and 183.

These 20 cases were all identified by the Inspector General's "draft" report as failing to meet the appropriate judicial determinations requirements as defined by section 472 (a)(1) of the Social Security Act with regard to "reasonable efforts". However, the Department maintains that the aforementioned cases were all opened prior to 10/01/86 and, as a result, are exempt from the "reasonable efforts" requirements. In this regard, the Administration for Children, Youth and Families (ACYF) issued a Memorandum entitled "Judicial Determination Requirement and Disallowances in Title IV-E Foster Care" (dated 8/11/86). That Memorandum addressed questions that were raised with regard to ACYF-PA-84-1 and its new requirements regarding "reasonable efforts" and "best interests" contrasted against the previous instructions contained in SRS-PIQ-75-21. ACYF-PA-84-1 was interpreted by most states to mean that the documentation requirements then currently in use by States, as previously defined in SRS-PIQ-75-21, were sufficient to meet the new requirement for the judicial determinations, and was being extended to meet the new requirements set forth in ACYF-PIQ-84-1. In order to clarify the confusion that resulted from the issuance of ACYF-PIQ-84-1 regarding "reasonable efforts" and "best interest", ACYF-PIQ-86-02 was issued on 5/8/86. In this regard, the Memorandum stated in pertinent part the following:

"Since this policy [ACYF-PIQ-86-02] was issued May 8, 1986, disallowances will not be taken where the State agency was following the precedent established in 1975, in cases in which the child entered care prior to October 1, 1986. This will allow States time to advise their courts that proper documentation of the judicial determination must be available for each child removed from his home by the court in order to be eligible under Title IV-E. Payments will not be considered in error for a Title IV-E financial review for this reason, either for purposes of disallowance or for a decision on a stage two review until after that date."

Furthermore, Region V D.H.H.S has acknowledged the "Judicial Determination Requirement and Disallowances in Title IV-E Foster Care" Memorandum as the basis for approving otherwise ineligible cases. This factor is verified in the attached "draft" report entitled "Title IV-E Review State of Illinois" (see Exhibit E, p. 12).

Therefore, the Department requests that the instructions issued in the "Judicial Determination Requirement and Disallowances in Title IV-E Foster Care" Memorandum be honored by both Region V D.H.H.S. with regard to any future Title IV-E reviews that it conducts, especially with regard to rendering stage two decisions, and the Inspector General with regard to not imposing disallowances with respect to the first mentioned 20 cases, all of which were opened prior to 10/1/86.

Unlicensed Foster Care Facilities

Although sample numbers were not provided, the Department has identified the two cases which were in unlicensed placements. The Eligibility Determination Unit has strengthened its Quality Control function so that unlicensed facilities are not claimed.

Missing Case File

Although the sample number was not provided, the Department has identified this case and efforts continue to locate the record.

Incomplete Case Files

The Department continues to emphasize its policy regarding the content of case records.

Your consideration in granting an extension was greatly appreciated.

Sincerely,



Sue Suter