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Informational Letter

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I. Purpose

The purpose of this Informational Letter (INF) is to transmit the attached report from the Federal Administration for Children and Families (ACF) on its Pilot Administrative Cost Review (ACR) of New York State's Title IV-E administrative claiming process. This Pilot Federal Review was conducted in fall 2007 and covered the Central Office and Local District Cost Allocation Plan, Random Moment Survey (RMS), and administrative costs associated with candidacy for foster care placement. The rules related to candidacy for foster care placements allow social services districts to receive Title IV-E reimbursement for the portion of RMS observations related to child protective and preventive cases when a child in such a case is at risk of foster care placement. Samples of 25 protective and preventive cases drawn from RMS observations were reviewed.

New York State elected to participate in this Pilot Review to evaluate the state's and local social services districts' performance with respect to Title IV-

E administrative claiming. New York State currently claims over \$200 million in Federal Title IV-E for state and local administrative costs.

II. Background

The Federal Office of Management and Budget mandated that ACF develop a national error rate for the Title IV-E Foster Care Program. Toward that end, ACF has instituted cyclical reviews of Title IV-E Foster Care Eligibility. In August of 2006, ACF conducted a secondary Title IV-E Foster Care Eligibility Review (FCER) in New York State. The state successfully passed this review.

III. Program Implications

Efforts are underway to implement all of the recommendations contained in the attached report. Some of the recommendations do not require any action by the social services districts. However, the review found that 48% of the sample cases failed to meet the Title IV-E candidacy requirements. This result calls for renewed emphasis on caseworker training and case documentation of candidacy cases. For a preventive case to be considered for Title IV-E administrative reimbursement, a child in such cases must be considered a candidate for foster care placement. This means that the case must qualify as a mandated preventive case and, as such, must meet the requirements of 18 NYCRR Part 423 and 18 NYCRR 430.9. Preventive cases open for services that do not meet these regulatory requirements for mandated preventive services must not be encoded as mandated preventive cases. These cases should be encoded in WMS and CONNECTIONS as non-mandated preventive services.

Procedural changes are being developed to distinguish those child protective services that do and do not meet the candidacy requirements. Additional information will be made available to all local social services districts and voluntary agencies regarding changes to Child Welfare Training Curriculum to address this issue. Furthermore, information will be provided in the near future about any necessary systems changes to improve case documentation.

Separate correspondence will be forthcoming to those social services districts that had cases selected from RMS observations for the sample evaluated by ACF.

IV. Systems Implications

A Title IV-E Workgroup has been reconstituted to explore any necessary systems changes to address the findings of the federal ACR. Efforts will focus on strengthening documentation for children who meet candidacy

requirements for foster care placement. Any systems changes will be balanced against the need to minimize any further administrative requirements imposed on caseworkers.

/s/ Thomas Tipple

Issued By:

Name: Thomas S. Tipple

Title: Deputy Commissioner

Division/Office: Division of Administration

New York State Title IV-E Pilot Administrative Cost Review

September 24 – 28, 2007

Executive Summary

Introduction and Scope of Review

During the week of September 24 - 28, 2007, the Administration for Children and Families (ACF) conducted the on-site phase of a pilot Administrative Cost Review (ACR) of New York State's title IV-E Foster Care program. The purpose of the review was to test the draft ACR protocol. The ACR includes an assessment of the allowability of title IV-E foster care administrative cost claims and the appropriateness of the cost accumulation and allocation methodologies contained in the State's Public Assistance Cost Allocation Plan (PACAP) as well as the degree to which the State's actual claims for a period under review (PUR) are appropriately documented and derived in accordance with its stated and approved procedures.

New York was one of three volunteering states chosen to assist ACF in the initial testing of the ACR process. The period under review (PUR) was the quarter ended March 31, 2007. The on-site review consisted of interviews with State and some local district staff to discuss any pre-site review matters identified by the Review Team and to garner more detailed information on the State's accounting and statistical data accumulation systems. A randomly selected sample of twenty-five cases for the PUR classified as title IV-E pre-placement activities were reviewed to establish that appropriate documentation supports the determination of foster care candidacy status.

Findings

We found that the procedures utilized by the State for the PUR provided first level documentation that current quarter title IV-E administrative cost claims were derived from the operation of the PACAP and other appropriate sources. We were particularly impressed with the level and organization of the supporting documentation maintained. The local district review was limited to an overview of the claims process and an on-site review of workpapers in one local district (Onondaga County) where we also found that appropriate documentation is maintained. The only reviewed item not found to constitute an allowable cost is a contractual payment for medical examination fees for children either entering foster care or who are viewed as at risk of placement. Costs for the health care services are not allowable title IV-E administrative costs.

The most utilized time study for title IV-E cost allocation purposes is the services random moment study (RMS). Two separate quarterly RMS' (New York City and the next eight largest (upstate) local districts) are conducted through telephone calls made by the OCFS RMS unit to randomly selected caseworkers. The RMS results are applied to almost all local district and the majority of State agency administrative costs subject to allocation to title IV-E. We found that the RMS process is conducted in a highly professional and well documented manner and demonstrates innovative practice through the use of an Oracle based automated system.

The procedures utilized by the State agency in the making of RMS calls were found to facilitate collection of information at the precise moment to be observed. A substantial percentage of these calls (in excess of two-thirds), however, result in either the worker

not being at his/her desk or busy on another call. It is often difficult to contact workers within the three day call back period since they spend much of their time in the field either traveling or with clients. Only a small percentage of workers actually return RMS calls, but when finally contacted they usually account for the activity performed during the observation moment. Observations are accepted a week or more after the scheduled time, but not beyond the end of the observation month.

The RMS unit workers interviewed indicated that they have received sufficient training in performing their job and have ongoing access to a manual and a supervisor to address questions that may arise. Difficulty exists in contacting certain caseworkers in New York City (NYC) and some caseworkers are either not very cooperative or have expressed frustration at the frequency of calls received (up to three times per week).

Onondaga County interviewees indicated that they had not received any training regarding the purpose or the processes used in the RMS. They noted that RMS observers have been courteous, professional and specific regarding the information sought. Although each interviewee stated an ability to recall the activity performed at an earlier time through their memory or calendar system, the importance of identifying an activity for a specific minute as opposed to a half-hour block of time did not appear to be understood. Several interviewees indicated that they are informed by the RMS observer of their next scheduled RMS observation and that far too many RMS calls are received.

In accordance with PACAP guidelines, a cost allocation methodology must employ contemporaneous statistics. The approved New York State PACAP provision to utilize a one-quarter lag between RMS and caseload statistics and the costs to which the statistics are applied is not in conformance with this provision. The State has deemed the one-quarter lag as necessary to accommodate local district claiming procedures.

The State utilizes a matrix to apply each RMS observation to a benefiting program (or intermediate allocation pool). We found that the version of this document presented to us differed somewhat from the codes and matrix utilized by the OCFS RMS unit to develop PUR quarterly program allocation percentages. Our review of the RMS matrix used by OCFS identified several questioned codes as follows:

- Primary Client Code 100 identifies a child in foster care where a IV-E eligibility determination has not yet been completed. Assignment of these observations to title IV-E foster care is inappropriate since title IV-E eligibility has not been established.

- Primary Client Code 107 identifies a title IV-E categorically eligible child in foster care placed in a detention setting. This code, to some degree, is assigned as chargeable to title IV-E. In accordance with title IV-E policy, administrative costs may not be claimed for IV-E reimbursement where a child is placed in a facility outside the scope of foster care such as in a detention facility.

- Primary Client Codes 132-135 for Activity Types 700-703 & 708-709 under Activity Code 411 are assigned to IV-E Foster Care. The placement of a child is a IV-E allowable activity for candidate cases, but these observations should be assigned to an intermediary pool whereby the eligibility rate is applied to identify the proportion assignable to title IV-E rather than directly assigned to title IV-E.

State officials described the process used to calculate the rate of title IV-E eligibility within the foster care caseload and how it is applied in the cost allocation process. We could not identify any specific place within the PACAP where this information is maintained. The calculation process described and the supporting documentation maintained are in conformance with applicable Federal policies. A separate eligibility rate calculation is made for New York City and all other (Upstate) local districts.

The calculated eligibility rates are applied to intermediate RMS observation pools labeled “IV-E Protective” and “IV-E Preventive” and used to allocate RMS observations involving activity for foster home recruitment or licensing not specifically associated with an individual case. In the Central Office Cost Allocation Plan (COCAP), eligibility rates are used as part of the allocation methodology for several allocation accounts. In two COCAP allocation accounts (OTDA account A668 (BICS Operations) and OCFS FNA (ASFA Cards Unit)) we found that for the PUR a different IV-E foster care percentage appears to have been used than was identified through the CCRS Characteristics report.

Certain administrative costs incurred prior to a child’s placement may be title IV-E allowable when a State has either determined that the child is at imminent risk of removal from the home and reasonable efforts are being made to prevent removal, or if necessary, to pursue removal from the home. A candidate for foster care must be documented as such through either: a case plan that identifies foster care as the goal absent preventative services; an eligibility form used to document the child's eligibility for title IV-E; or evidence of court proceedings related to the child's removal from the home.

State officials explained that New York pioneered efforts to serve children at risk of removal through its Child Welfare Reform Act of 1979. New York defines a foster care candidate as any child on whose behalf an open mandated preventive services case exists. There is no specific time limit for provision of needed services, but each case must be reassessed at intervals no longer than six months apart. Preventive services can continue when a child enters foster care to assist in reunification efforts or commence when a child is discharged from foster care to reduce the possibility that re-placement will occur. It should be noted that title IV-E policy provides that a child removed from his/her home or in foster care cannot be considered as a candidate.

The New York State PACAP RMS matrix provides that where the primary client category is either protective or preventive services and an open mandated preventive services case exists the activity observed may be subject to treatment as on behalf of a foster care candidate. The matrix only designates such observations as subject to allocation to title IV-E where the activity performed is one of those that are allowable as title IV-E administration. These candidate RMS observations are further allocated to title IV-E and other programs based on application of the foster care eligibility rate.

State officials indicated that foster care candidacy status is documented by New York through the case plan method. The Family Assessment Service Plan (FASP) is the primary document used to address case actions and determinations. An Onondaga County Department of Social Services Preventive Services Unit supervisor explained that in the past few years a concerted effort has been made by the County to assess the

existing preventive services caseload to assure that appropriate services are delivered timely and that those cases do not languish or remain open longer than necessary. The result of this effort has been an ability to better utilize resources to target those cases in need of the most intensive services and close cases that no longer exhibit risk factors. It was found that some cases had remained open as mandated preventive for a number of years without a clear plan for how or when a decision would either be made to remove the child(ren) or determine that the delivery of services was no longer needed.

Our analysis of twenty-five randomly selected statewide candidate cases consisted of reviewing the case record material provided by the State. We assessed whether the initial determination of candidacy status and the redetermination of such that covered the selected RMS observation moment was adequately documented. In a majority of the reviewed cases (13) a case plan had been established documenting that the child was at imminent risk of removal and placement in foster care both at the point that initial candidacy was established and, if needed, at the required point of redetermination. In the remaining cases (12), we either could not document that these circumstances existed or found documentation to support that imminent risk did not exist at either the point of case opening (10) or for the PUR (9), or at both points (7).

Recommendations (Highlights)

- Onondaga County should cease claiming of title IV-E unallowable costs for a pediatric services contract.
- The State agency should consider revising the scope of the Upstate RMS to include all local districts outside of NYC.
- It is expected that the State will increase the number of valid observations to meet the 1,650 per RMS minimum quarterly number stated in the approved PACAP.
- All RMS callers should be instructed to not divulge information regarding the schedule for future RMS calls to individual caseworkers.
- The State agency RMS unit should hold training sessions for caseworkers to explain the purpose and operation of the RMS process.
- The State should amend its PACAP to provide for an adjustment to actual for costs allocated through use of lag period (one-quarter) statistics.
- The State should submit a PACAP amendment to change the assignment of Primary Client Activity Codes 100, 107 and 132-135 per the report findings.
- The State should include a detailed description of the calculation procedure, source data and application of eligibility rates within the PACAP.
- The PACAP should be amended to include a description of which cases are deemed as foster care candidates and the documentation method used.
- The RMS should be modified to assure that title IV-E pre-placement administration excludes activity on behalf of children in foster care placements.
- The State should consider development of more detailed guidance and standards for local districts with respect to identifying and documenting “candidate” cases and assure that the candidate definition utilized for title IV-E purposes excludes any cases not presenting an “imminent” or “serious” risk of removal and foster care placement.

Next Steps

The State should determine whether, and to what extent, title IV-E claiming adjustments and corrective actions are required as a result of this review. To the extent that changes are deemed necessary to the PACAP, an appropriate amendment should be prepared and submitted for Federal approval through the HHS Division of Cost Allocation (DCA).

Final Report

Introduction and Scope of Review

During the week of September 24 - 28, 2007, Administration for Children and Families (ACF) staff from the Central and Regional Offices and one contract employee (see Review Team list at the end of this report) conducted the on-site phase of a pilot Administrative Cost Review (ACR) of New York State's title IV-E Foster Care program. The purpose of the pilot review was to test the draft ACR protocol and instruments. These tools were developed as a way for ACF to systematically review a State's Public Assistance Cost Allocation Plan (PACAP) and any other processes it utilizes to accumulate, allocate and claim costs for reimbursement as title IV-E foster care administration.

The ACR, as currently contemplated, includes within its scope a review of the major categories of program administrative cost claims, but excludes a specific analysis of Statewide Automated Child Welfare Information System (SACWIS), eligibility determination and training costs. The purpose of the ACR is to assess the allowability of these claims and the appropriateness of the cost accumulation and allocation methodologies contained in the State's PACAP as well as the degree to which the State's actual claims for a period under review (PUR) are appropriately documented and derived in accordance with its stated and approved procedures. This information will inform ACF with respect to the degree of any national error rate in title IV-E foster care administrative cost claims. It also offers the State an opportunity to confirm that its processes meet applicable Federal requirements and to assess available options to improve its financial administration of the program.

New York was one of three volunteering states chosen to assist ACF in the initial testing of the ACR process. We greatly appreciate the time and effort expended by State officials to assist us in this endeavor. The period covered by the New York review (i.e., the period under review or PUR) was the quarter ended March 31, 2007. Under the provisions of the draft ACR Guide being tested, four general areas were reviewed including: the accumulation and allocation of cost pools and cost centers (commonly known as program or allocation accounts in New York) resulting in title IV-E foster care claims; various time study plans used to determine the extent to which title IV-E receives benefits from worker activities; methodologies for calculation of the title IV-E foster care eligibility (saturation) rate applied to certain costs; and documentation of foster care candidacy status for children on whose behalf pre-placement administrative costs were IV-E claimed. Numerous standardized review worksheets were used by the Review Team as aids to identify and accumulate information and to assess and formulate conclusions regarding the materials presented.

The review was conducted in three stages. Stage one, the Pre-Site Review Preparation stage, consisted primarily of the assembly and desk review of the State's currently approved PACAP and the time study plans contained therein. Also included in this stage were an identification and preliminary analysis of the various program and allocation accounts which either directly charge or allocate costs to the title IV-E foster care program, as well as a review of the methodology by which the State computes its IV-E foster care eligibility rate and documents foster care candidacy status.

Stage two, the On-Site Review stage, consisted of a series of interviews with State fiscal and programmatic administrative staff and some local district staff to discuss any questions, comments and concerns raised by the Review Team during the Pre-Site

Review stage and to garner more detailed information relative to the State's accounting and statistical data accumulation systems and the manner in which it merges the data from these systems in order to implement the approved PACAP. During this stage the Review Team also tested whether the State was actually claiming costs in accordance with the methodologies contained in the approved PACAP and the standards established to document such claims. A randomly selected sample of twenty-five cases identified from random moment study (RMS) observations for the PUR classified as pre-placement title IV-E administrative activities were reviewed to establish that appropriate documentation exists to support the determination of foster care candidacy status. The Review Team also sought to determine whether the allocation methodologies contained in the currently approved PACAP require any revisions to address situations in which costs are being allocated to the title IV-E Foster Care program that are unallowable under Federal regulations or are either overstated or understated based on the benefits derived by the program.

Stage three, the Post-Site Review stage, consisted of a period during which the Review Team accumulated and assimilated information gathered during stages one and two along with any further materials the State wished to provide for the purpose of developing this final report.

Review Findings and Recommendations

A. General Cost Accumulation, Allocation and Claiming

State Processes Reviewed

State officials provided an overview of the processes utilized to accumulate administrative costs incurred at the State and county (local district) agency level, to allocate these costs to benefiting programs in accordance with the approved PACAP and to assemble quarterly title IV-E claims. New York State administers its title IV-E foster care program through a State supervised and county administered system. This entails operation of cost allocation plans (CAPs) and claiming procedures at both the State and county level.

At the State agency level, the Office of Children and Family Services (OCFS) is designated as responsible for administration of the title IV-E program. In this capacity, it incurs administrative costs in its role as the single State agency and assembles and submits all statewide title IV-E claims. Another State agency, the Office of Temporary and Disability Assistance (OTDA) also performs several functions supporting the administration of the title IV-E program. These consist of partial responsibility for oversight of local district administrative operations and support of certain automated systems utilized by the IV-E program. The existence of two New York State agencies with title IV-E administrative functions can be traced to a restructuring that occurred in 1998 whereby the former Department of Social Services was dissolved and a new agency entitled the Department of Family Assistance was created consisting of the OCFS and the OTDA.

Separate CAPs exist for OCFS and OTDA. These CAPs, referred to as central office cost allocation plans (COCAPs), have been designed to utilize similar procedures

involving the establishment of allocation and program accounts and accumulator codes for purposes of accumulating costs. The OCFS has been designated as responsible for the development and maintenance of both COCAPs. Personal services costs (salary and application of an approved fringe benefit rate) are captured through an automated time card system on a bi-weekly basis. Non-personal services costs are defined to include supplies, training and contracted costs (including personnel) and are associated with particular accounts by journal voucher entries.

The COCAPs provide that any costs directly associated with a program are directly assigned to that program account through use of the assigned accumulator codes. Other costs are assigned to allocation accounts and feed to program accounts based on the methodologies specified in the COCAP. Some costs are allocated through use of intermediate allocation accounts and the application of various statistics related to the functions performed in each account. Costs allocated to title IV-E foster care administration through the COCAP process are captured in the Foster Care Administration (OCFS 333) program account and reported on form IV-E-1 Part 1, line 5e (other). These costs cover State agency activities in support of local district administration and include costs associated with the operation of a non-SACWIS (CONNECTIONS) automated system and a statewide human services enterprise network (HSEN).

The OCFS also, through its Division of Rehabilitative Services (DRS), directly operates several foster care institutions designed to serve children placed under its care in accordance with court orders resulting from juvenile justice related petitions. Administrative costs of DRS are accumulated and allocated to benefiting programs through the establishment of daily care rates and the results of a worker time study.

Local district administrative costs represent the majority of title IV-E foster care administrative cost claims and are accumulated through the local cost allocation plan (LCAP) contained within the State's Fiscal Reference Manual (FRM). Although similar to the LCAP used for the rest of the State, a separate LCAP has been established for purposes of New York City operations. There are fifty-nine local social services districts in New York State primarily defined by the borders of each county with the exception of New York City (five counties) and the St. Regis Mohawk Nation (Tribe). Local districts generally administer all social services programs including child welfare, temporary assistance, medical assistance, child support, child care, food stamps, energy assistance and social services through a single agency. The operation of the LCAP is overseen by OTDA officials. Those administrative costs subject to allocation to title IV-E are primarily accumulated in the General Services (F2) category. The F2 category includes several child welfare as well as other programs providing care and social services to individuals and the community. The results of a time study, referred to as the random moment study (RMS), is utilized in the allocation of almost all F2 classified costs. Local districts may choose to assign "identified costs" to a particular program rather than allocate the costs based on the RMS results. Such identified costs must be in accordance with State agency established LCAP guidelines. Reporting of identified costs is rare and usually for very small amounts. Additional costs related to administrative and countywide overhead are accumulated in the F20 and F40 categories and assigned to other categories including F2 based on staff count. The RMS process also identifies

the subcategory breakout of costs allocated to title IV-E foster care administration, thus permitting the reporting of claimed costs on the appropriate form IV-E-1, Part 1 line (lines 5a-5e). Some local districts administrative costs are captured on Form 3922 for “special projects”. These costs, where appropriate, are added to title IV-E claims.

Another component of administrative costs incurred by New York City and some other local districts is for the operation of contracted voluntary agencies that are given responsibility to perform certain case planning and management services along with other responsibilities on behalf of certain foster care children. These costs are included in daily care rates established through State Maximum Aid Rates (SMAR) and local district negotiated contracts. The IV-E administration component of the amount paid through these rates is established using statewide percentages derived from a time study conducted by OCFS of voluntary agency worker activities.

Findings

The State demonstrated that the procedures it utilized for the PUR provides first level documentation that current quarter title IV-E administrative cost claims filed on the IV-E-1 report were derived from the operation of the COCAPs, LCAPs and other appropriate sources. We were particularly impressed with the organization of the workpapers and the level of supporting documentation maintained through the State’s Central Office Cost Allocation Claim (COCAC) quarterly reports and Automated Claiming System (ACS) reports for all local districts. A review of prior quarter adjustment claims was not included within the scope of our review.

Our assessment of claims derived through the COCACs consisted of tracing the accumulation and allocation of costs for a sample number of OCFS COCAP accounts. The process of choosing the sample accounts was facilitated through efforts made by the State to run a “IV-E impact” version of the OCFS COCAC for the PUR. This clarified exactly which accounts, and to what extent, are the sources of State agency level IV-E claims. The COCAC divides costs into direct and allocated for each account. Direct costs are further broken out as either personal services, fringe benefits or non-personal services. Personal services consist of salaries for employees and are assigned to accounts based on staff classification and automated time cards. Fringe benefits are calculated using an approved annual rate applied to salary costs. Any costs for contractor services, supplies or training (except in certain accounts where training is separately identified) are treated as non-personal services costs.

We found that the tested accounts (six OCFS COCAC and one LCAP for a single local district) included appropriate cost accumulation and allocation methodologies in accordance with the approved COCAP. Almost all of the costs charged to title IV-E foster care administration during the PUR were derived through the use of allocation accounts. There are no OCFS staff directly assigned for charging to the title IV-E foster care program. Only a relatively small amount of non-personal service costs were directly charged to title IV-E. These direct charges (\$433,978 gross) were documented as costs for contractor services provided to support the title IV-E eligibility determination function. We did note that two instances in which different

statistics for the IV-E eligibility rate were used in the COCAC than were contained in the State's source documents. See the section on the review of the IV-E eligibility rate for more information on this finding.

The local district LCAP claims review was limited to an overview of the process (provided by OTDA officials) and an on-site review of workpapers supporting F2 categorized costs in one local district (Onondaga County). In Onondaga County, we found that its County "Genesis" accounting system maintains payroll information by function code. Staff classifications are reviewed annually to assure that they remain appropriate. For the PUR, salary and fringe benefit costs represent over 80% of total Onondaga administrative costs in the F2 (general services) and F20 (overhead) categories. In the small number of instances where an employee is performing activities for two or more functions, a personal activity report (PAR) delineating the portion of time spent working in each function is required to be completed, dated and signed by both the worker and his/her supervisor.

Non-personal services (NPS) costs are reported on State form 923. A review was conducted of selected Onondaga County non-personal services cost items in the F2 category for the PUR. We found that the County maintains detailed supporting documentation for the amounts reported. This information is filed based on a weekly check run. The only reviewed item found not to constitute an allowable cost for title IV-E administrative cost purposes is a contractual payment for pediatric services. We were told that the contract covers medical examination fees charged by participating doctors for children either entering foster care or who are viewed as at risk of placement due to allegations of having suffered abuse or neglect. The County established this contract to assure that medical services would be readily available to this population at a reasonable cost. We noted one voucher payment under this contract during the PUR covering the month of January 2007 for \$24,250. The cost was classified as code 19 (other) on form 923. Since all NPS costs reported in the F2 category are allocated to title IV-E and other benefiting programs based on RMS results, a portion of this claim was allocated to title IV-E foster care administration. In accordance with sections 474 (a)(3) and 475 (4) of the Social Security Act and 45 CFR 1356.60 (c), administrative costs for the processing and management of health care services for foster children are not title IV-E allowable.

We also found that during January 2007 code 19 was used to claim reimbursement for other non-personal services including a foster home finders fee (\$100) and caseworker insurance (\$248,000). The latter cost was described as providing liability protection for caseworkers and foster families while working with children in foster care. These costs appear to benefit only foster care programs, but were allocated to a number of programs in accordance with the services RMS results. Such costs might instead be directly assignable as identified costs to title IV-E foster care and other foster care funding sources based on application of an appropriate eligibility rate.

Recommendations - Section A

1. Onondaga County should cease claiming of title IV-E unallowable costs for a pediatric services contract as a non-personal services cost subject to allocation through the services RMS results in the F2 category.

2. The State should consider providing further guidance to local districts regarding the appropriate use of code 19 (other) on form 923.
3. Onondaga County should consider, with appropriate State agency concurrence, classifying as identified costs those non-salary F2 category costs that directly benefit a particular program.

B. Conduct and Application of Results From Worker Time Studies

State Processes Reviewed

In New York, the largest time study utilized for title IV-E cost allocation purposes in terms of workers and costs involved is the services random moment study (RMS) conducted of local district caseworkers. These caseworkers perform services for a variety of Federal and State funded child welfare and other social services programs.

In accordance with the approved PACAP, the OCFS conducts two separate quarterly RMS'. One RMS is conducted for New York City (NYC) and a second RMS is undertaken for caseworkers in the eight largest local districts outside of NYC. Each RMS observation is obtained through a telephone call made by a worker in the State's RMS unit to a randomly selected caseworker. The results of the RMS' are coded on individual observation forms and through use of a matrix the percentage of activity benefiting each covered program is identified and used for purposes of allocating certain administrative costs on a one quarter lag basis (i.e. RMS results for the previous quarter are used to allocate current quarter costs). The NYC RMS results are applied to all general services and allocated overhead costs incurred in that local district. The results of the second RMS are applied to the same categories of cost incurred by all local districts except for NYC. This is referred to as the "upstate" RMS. Combined NYC and Upstate RMS results are also used to allocate certain significant categories of State agency costs through the COCAC. The integrity of the RMS process is thus critical to the validity of the cost allocation process. Small changes in RMS results can have a significant impact on the allocation of administrative costs.

Our review of the RMS process included interviews with State management officials to establish procedures used to operate the time study and develop allocation percentages through application of the results utilizing a matrix. We also interviewed and observed RMS unit workers responsible for obtaining and recording RMS observations and several caseworkers in one local district (Onondaga County) who are subject to participation in the RMS.

Findings

The importance of the integrity and accuracy of the services RMS process in New York State cannot be overemphasized. These RMS results are applied to almost all local district and the majority of State agency administrative costs subject to

allocation to title IV-E. We found that the RMS process is conducted by OCFS in a highly professional and well documented manner. An electronic roster of all F2 classified caseworker names and office phone numbers (along with supervisor information) subject to polling through the RMS is maintained and updated on a monthly basis. Prior to the beginning of each month, a random selection program is run to identify a sufficient number of individual observation moments to more than satisfy the required quarterly sample size for each RMS. This information is used to create a daily call log. For each RMS, approximately 2,500 quarterly observations are scheduled with the goal of obtaining a minimum of 1,550 valid (case work related activity) observations. It should be noted that the approved PACAP (Fiscal Reference Manual) sets a target of 3,000 RMS observations with a minimum result of 1,650 valid observations. The actual valid RMS results for the PUR (10-12/06 observation quarter) were 1,781 – Upstate and 1,599 – NYC.

A list of scheduled RMS observations is provided for each RMS worker with a six minute interval between scheduled calls. Calls seeking RMS observations are made on 19.5 workdays per month during the hours of 9 AM through 4 PM with the exception of the noon lunch hour. The NYC and Upstate RMS' are conducted on a parallel basis. Efforts are made not to schedule RMS calls on days surrounding a major holiday.

The State has recently developed an Oracle based automated version of the RMS scheduling process and observation form. This system permits RMS workers to view their workload and record information directly through a personal computer. The information is also immediately available to the RMS unit supervisor and for purposes of developing required cost allocation and management reports. Furthermore, the automated system facilitates location of caseworkers who may have moved to a different unit or been assigned a new phone number.

The procedures utilized by the State agency facilitate the making of RMS calls at the precise moment to be observed. Unfortunately, practice has demonstrated that a substantial percentage of these calls (in excess of two-thirds) result in either the worker not being at his/her desk or busy on another call. In these instances, a voice mail message is left (where possible) identifying that the RMS unit called for an observation at a specified moment and that a return call should be made to the unit as soon as possible. Observation information can also be taken from the caseworker's supervisor or unit coordinator if that person can specify what the worker was doing at the selected moment. When an observation cannot be obtained on the initial call, the RMS unit initiates call backs (at least three attempts are made over a three day period) rather than waiting for the caseworker to return the call. The approved PACAP provides for a three day call back period as well as seeking the information from the worker's supervisor. We were told that in practice, it is often difficult to contact workers since they spend much of their time in the field either traveling or with clients. Only a small percentage of workers actually return RMS calls, but when finally contacted they usually indicate an ability to account for the activity performed during the observation moment. If a worker can recall, observations are sometimes accepted a week or more after the scheduled time but not beyond the end of the observation month.

The RMS unit workers interviewed indicated that they have received sufficient training in performing their job and have ongoing access to a policy and procedures manual as well as a supervisor to address questions that may arise. The six minute interval provided between calls was noted as more than sufficient to record needed information. A list of the persons to be called is provided to each RMS observer in the morning for that day only. It is possible, however, to identify (through the Oracle system) for any given caseworker whether or not additional RMS observations have been scheduled for other times in the month. If requested, this information is sometimes shared with a particular caseworker. It was also noted that particular difficulty exists in contacting certain caseworkers in NYC and that some caseworkers subject to either the NYC or the Upstate RMS are either not very cooperative or have expressed frustration at the frequency of calls received (up to three times per week). An e-mail message is also sent if the selected caseworker cannot be reached by phone.

When an RMS observation is taken, the observer asks the caseworker whether at the specified moment he/she was working on a particular case. If so, the case name and number and the child's DOB is sought. The observer also asks what activity is being performed and discerns the activity type by asking appropriate questions. The primary client category is derived through use of another automated system (WMS) based on the case information provided by the worker. The available activity and activity type codes are contained on a drop down menu on a screen in front of the RMS observer. These codes are not known by the caseworker. Code selection is based on the information provided which is repeated to the caseworker to assure its accuracy prior to recordation on the electronic RMS form. This form also has a location to add comments that might help explain the nature of the activity performed.

During the four caseworker interviews conducted in Onondaga County a few common points were observed about the RMS process. The interviewees indicated that they had not received any training regarding the purpose or the processes used in the RMS. In most cases, their first information about the RMS came upon receiving an observation call from the State RMS observer. They noted that RMS observers have been courteous, professional and specific regarding the information sought. An impression has developed among some caseworkers that the RMS purpose is part of an effort to monitor the performance of work rather than as a tool for cost allocation and claiming purposes. Although each interviewee stated an ability to recall the activity performed at an earlier time through their memory or calendar system, the importance of identifying activity for a specific minute as opposed to a half-hour block of time did not appear to be understood. Several interviewees indicated that they are informed by the RMS observer of either the next date or day and time for a scheduled RMS observation. There was also a concern expressed that far too many RMS calls are received. Each interviewee indicated receipt of more than ten such calls in the recent past.

In accordance with PACAP guidelines (see 2 CFR 225 Appendix B 8h(6)(a)(iii) and OMB Circular A-87 Implementation Guide ASMB C-10, Attachment B, paragraph 11.h(5)(c)), an allocation methodology must employ contemporaneous statistics in the allocation of costs. The approved New York State PACAP provision to utilize a one-quarter lag between RMS and caseload statistics and the costs to which the statistics

are applied is not in conformance with this provision. The State has deemed the one-quarter lag as necessary since local districts submit claims to the State on a monthly basis (within 30 days of the close of the month) through an RF2A claiming package and must have quarterly RMS statistics available to determine appropriate Federal, State and local shares at the close of each month. For example, local district claims for October must be submitted to the State by November 30th. It would thus not be possible to establish or make available the appropriate October – December quarterly RMS result statistics prior to the due date for local district claims for the first month of the calendar quarter. The State has also indicated that some time is needed to assemble and verify the RMS results prior to publication.

The State utilizes a matrix to specify how RMS observations are applied in calculating cost allocation statistics. The RMS matrix consists of a listing of applicable activity types and specific possible case activity codes identified by the primary client category for each case served by staff included in the general services cost pool. For each possible scenario, a benefiting program (or intermediate allocation pool) is identified to which that RMS observation will be assigned. Program allocation percentages are derived by dividing the number of RMS observations assigned through the matrix to a particular program (after application of required intermediate allocation steps for certain observations) by the total number of valid (case work related) RMS observations obtained during the quarter. The RMS matrix thus serves as a roadmap to direct the assignment of particular RMS observations to benefiting programs.

The RMS for Service Programs matrix is contained in Volume 3 (Vol. 4 for NYC), Chapter 23 of the Fiscal Reference Manual (LCAP). We found that the version of this document (October 10, 2006) presented to us differed somewhat from the codes and matrix utilized by the OCFS RMS unit to develop PUR quarterly program allocation percentages. We were told that changes were made to improve the operation of the matrix and to reflect changes required by the Deficit Reduction Act of 2005 and that these changes have been submitted to the Division of Cost Allocation (DCA) as proposed PACAP amendments. It is critical that the allocation matrix actually used in the development of quarterly claims be published as part of the State's LCAP.

Our review of the RMS matrix used by OCFS identified that several new codes have been added (compared to the LCAP version) to identify children in foster care who are not residing in a title IV-E eligible setting as well as codes to reflect a new TANF related "Below 200%" program. A new code was also added for "intake". For the most part, the matrix appears to assign RMS observations to title IV-E foster care administration subcategories (pre-placement and in-placement) on a reasonable and consistent basis factoring in the nature of the activity, the type of case and the client's eligibility status. We do, however, question several specific code assignments. Specific questioned codes are as follows:

-Primary Client Code 100 identifies a child that is in foster care and on whose behalf a IV-E eligibility determination has not yet been completed. The RMS matrix assigns a number of these observations to title IV-E foster care. Such an assignment is inappropriate since information is not available on program eligibility. An alternative

whereby such observations are placed in an intermediary pool to be assigned based on the eligibility rate for existing foster care cases is also not appropriate to the extent that the activities being performed relate to foster care rather than pre-placement administration. Title IV-E policy (see CWPM, Section 8.1C(3&7)) permits the use of an eligibility rate as a proxy for individual eligibility determinations for foster care candidate cases. No such provision is applicable to eligibility determinations with respect to foster care cases. If the State chooses to identify individual client eligibility through an RMS process, it must treat those cases where IV-E eligibility has yet to be reviewed as non-IV-E eligible cases. To the extent that documentation available at a later date establishes that IV-E eligibility exists retroactive to the RMS observation moment, the State may choose to reclassify a Code 100 observation as Code 101 (Foster Care – IV-E). We note that for Activity 425 (fair hearings and appeals) under Activity Type 702 (protective – post determination) the RMS matrix assigns a Primary Client Code 100 observation to the title XX program while for Activity Code 703 (preventive –mandated) the same observation is assigned to the IV-E preventive program. These assignments appear to be inconsistent and should be reviewed in the context of our findings with respect to Code 100.

-Primary Client Code 107 identifies a child that is in foster care and has been determined as title IV-E categorically eligible but is placed in a detention setting. This code, for a variety of administrative activities and activity types, is assigned as chargeable to title IV-E. In accordance with title IV-E policy delineated in the Child Welfare Policy Manual (CWPM) Section 8.1D, Question 7, administrative costs may not be claimed for IV-E reimbursement where a child is placed in a facility outside the scope of foster care such as in a detention facility.

-Primary Client Codes 132-135 (protective) for Activity Types 700-703 & 708-709 (protective and preventive services) under Activity Code 411 (placement of child) are assigned to IV-E Foster Care. The placement of a child is a IV-E allowable activity for candidate cases. These observations, however, should be assigned to an intermediary pool whereby the eligibility rate is applied to identify the proportion assignable to title IV-E rather than directly assigned to title IV-E. It is our understanding that the State may be performing this step even though it is not identified in the matrix.

Our review also included an analysis of a time reporting system used to allocate costs in the OCFS COCAP Audit & Quality Control allocation account. We found that the system used to establish work activity performed is well documented and provides for a reasonable allocation of costs to benefiting programs. We also received overview briefings regarding time studies used for allocating administrative costs incurred in the OCFS Division of Rehabilitative Services and in local district contracted voluntary agencies. We did not conduct detailed reviews of these time studies. We were also informed that there are currently no individuals in OCFS subject to completing semi-annual certification statements based on direct assignment to the title IV-E program. In our review of supporting documentation in Onondaga County, we did note that personal activity reports were completed during a sample reviewed month (January 2007) by several individuals in the fair hearings unit to establish the portion of their time spent benefiting the F2 category versus other functions. These forms were appropriately completed and signed.

Recommendations - Section B

1. The State agency should consider revising the scope of the Upstate RMS to include all local districts outside of NYC. Recent initiatives resulting in the observed efficiency of the RMS recording process afforded through the Oracle based automated system and the enhanced caseworker data base made available through the CONNECTIONS automated system make such an approach more feasible. Such a PACAP amendment would provide for a more complete picture of worker activity in the local districts incurring the costs which are subject to allocation based on RMS results. It would also reduce the average number of times per quarter that individual workers are subject to polling while likely not requiring a substantial change in the number of total quarterly observations.
2. It is expected that the State will increase the number of valid observations to meet the 1,650 per RMS minimum quarterly number stated in the approved PACAP. Suggested ways of accomplishing this might include modifying procedures with respect to the call days/hours to capture additional activity or use of office assigned cell phones or laptop computers as alternative forms of caseworker contact. Another possibility is to determine the feasibility of identifying those caseworkers on extended scheduled leave through CONNECTIONS or another database to avoid their inclusion in the pool of workers subject to RMS sampling.
3. A clearer operational policy with respect to the RMS observation call-back period should be established. Specifically, the three day limit identified in the PACAP should be strictly enforced to assure the integrity of the observations,
4. All RMS callers should be instructed to not divulge information regarding the schedule for future RMS calls to individual caseworkers.
5. The State agency RMS unit should hold training sessions for new caseworkers and periodic sessions for other workers to explain the purpose and operation of the RMS process. Such an effort will likely improve the level of worker responsiveness to the RMS and reduce the burden of numerous call back attempts.
6. The State should amend its PACAP to provide for a subsequent adjustment to actual for costs allocated through use of lag period (one-quarter) RMS results and caseload statistics. Such a process would work as in the following example: RMS observation results and caseload statistics for the period July – September would be collected and consolidated into quarterly results. Local district preliminary claims for this period would initially be calculated using April – June data. Revised claims would be calculated in the following quarter using now available statistics for the same quarter in which the costs were incurred. Appropriate adjustment claims would then be filed through the applicable reporting form for each program.
7. The RMS matrix actually used to develop the quarterly allocation percentages should be incorporated into the published FRM.

8. The State should submit a PACAP amendment to change the assignment of Primary Client Activity Codes 100, 107 and 132-135 in accordance with the findings in this report.

C. Use of Eligibility Rates in the Allocation of Certain Administrative Costs

State Processes Reviewed

The eligibility rate is a calculation performed to determine what proportion of a given caseload is eligible for a specific program. This is sometimes also referred to as the saturation or penetration rate. For title IV-E foster care purposes, the eligibility rate is important since states sometimes incur common costs in administering a foster care program for which the allocation method chosen in the PACAP is the rate of eligibility within the population served. The ACR assesses both the calculation and the application of eligibility rates used in the cost allocation process.

Findings

State officials provided a description of the process used to calculate the rate of title IV-E eligibility within the foster care caseload and how it is applied in the cost allocation process. The source information for the eligibility rate calculation is the Monthly Summary of Characteristics of Children in Foster Care - CCRS (Child Care Review Service) generated report. The WMS (Welfare Management System) feeds each child's eligibility category entered by local districts into the CCRS report. Any child in foster care on whose behalf an eligibility determination has not yet been completed is counted as in a category labeled "Other". This category is not included as part of the title IV-E total. The State uses the child counts as of the first day of the month on each report in each category and develops a quarterly average based on the information in the three reports. A separate eligibility rate calculation is made for New York City and all other (Upstate) local districts.

The calculation data is prepared in the OCFS RMS unit. The numerator in the IV-E eligibility rate calculation consists of children for whom title IV-E foster care maintenance payments are being paid and any additional children in foster care determined to be SSI eligible. The denominator includes all children in foster care regardless of the source of payment. Eligibility rates are also calculated for EAF (TANF) and federally non-participating (MA and Other) categories. State officials could not identify any specific place within the LCAP or COCAP containing a description of this calculation process. We note, however, that the calculation process described and the supporting documentation maintained are in conformance with applicable Federal policies.

The calculated eligibility rates are applied to intermediate RMS observation pools labeled "IV-E Protective" and "IV-E Preventive" to determine the proportionate program assignment of these observations consisting of IV-E allowable type administration on behalf of children determined to be candidates for foster care. The eligibility rates are also used to allocate RMS observations involving activity for

foster home recruitment or licensing not specifically associated with an individual case.

In the COCAP, eligibility rates are used as part of the allocation methodology for several allocation accounts. Our review identified questions with respect to the applied IV-E eligibility rate in two COCAP allocation accounts. In OTDA account A668 (BICS Operations), we found that the allocation to benefiting programs is based on the number of BICS issuances for the quarter. The intermediary category of “Child Care” is split between IV-E/non-IV-E foster care based on the eligibility rate. For the PUR (January – March 2007), a IV-E foster care eligibility rate of 85.88% was utilized (see p. 136 OTDA COCAC). We also note that three Independent Living categories are treated as components of IV-E foster care. This eligibility rate calculation method is not in conformance with the method described by the State for use in further allocating RMS observations and is not described in the PACAP. Furthermore, it does not appear to appropriately reflect the benefits received by title IV-E foster care.

Another COCAP account which utilizes eligibility rates in the allocation process is account OCFS FNA (ASFA Cards Unit). We noted that for the PUR a higher IV-E foster care percentage appears to have been used than was identified through the CCRS Characteristics report.

Recommendations - Section C

1. The State should include a detailed description of the calculation procedure, source data and application of eligibility rates used in the cost allocation process in the appropriate locations within the PACAP.
2. The State should consider using the CCRS child eligibility data as of the last day of the month rather than the first day to assure appropriate consideration of any cases where eligibility was determined late in the month.
3. Appropriate steps should be taken by the State to assure that the proper eligibility rate, where applicable, is consistently applied in the allocation of local district as well as State agency costs.

D. Documentation of Pre-Placement Foster Care Candidacy Status

State Processes Reviewed

While title IV-E foster care administration is largely associated with children on whose behalf a title IV-E foster care maintenance payment is being made, there are circumstances where certain administrative costs incurred prior to a child’s placement may be title IV-E allowable. These situations arise when a State has either determined that the child is at imminent risk of removal from the home and reasonable efforts are being made to prevent removal, or if necessary, to pursue removal from the home. A State must document that it has determined that a child is a candidate for foster care pursuant to one of three acceptable methods: a case plan that identifies foster care as the goal absent preventative services; an eligibility form

used to document the child's eligibility for title IV-E; or evidence of court proceedings related to the child's removal from the home.

The ACR includes an analysis of the State's processes for determining those children considered as candidates for foster care and how, in practice, such determinations and any required redeterminations are documented. This information is obtained from a review of materials provided by the State, interviews with State officials and from a review of a random sample of candidate cases. The case sample is derived from the universe of time study (or other method used to identify pre-placement activity) results involving administrative activity performed on behalf of candidate cases during the PUR which is allocated at least in part to title IV-E. For purposes of the New York review we chose to randomly select a total of twenty-five cases (plus an over sample of ten to account for possible inappropriately chosen cases) from the title IV-E protective and title IV-E preventive observation results obtained through the two RMS' (Upstate and NYC) conducted during the PUR. The case selection process was weighted to assure an appropriate sample for each RMS.

Findings

State officials explained that New York pioneered efforts to serve children at risk of removal through its Child Welfare Reform Act of 1979. The State has established regulations mandating provision of preventive services by local districts when a child would otherwise be "at risk of placement" in foster care. There are also provisions for non-mandated preventive services in those cases where children are determined to be at a lower level of risk for foster care placement, but whose families need services. The State regulations establish what needs to be included in the initial assessment and the frequency and expectations for reassessments for preventive services cases. The initial re-assessment is due thirty days after the case opening. A further assessment is required at ninety days and thereafter an assessment must be completed every six months until the case is closed.

New York State defines a foster care candidate as any child on whose behalf an open mandated preventive services case exists. A mandated preventive services case does not impose a time limit for provision of needed services, but each case must be reassessed at intervals no longer than six months apart. Provision of mandated preventive services can continue when a child enters foster care to assist in reunification efforts or commence when a child is discharged from foster care to reduce the possibility that re-placement will occur. It should be noted that title IV-E policy (see CWPM, Section 8.1D (3&7)) provides that a child removed from his/her home or in foster care cannot be considered as a candidate.

The New York State PACAP identifies the extent of local district title IV-E pre-placement administration through the services RMS process contained in the LCAP. The RMS matrix provides that where the primary client category is either protective or preventive services and an open mandated preventive services case exists the activity observed may be subject to treatment as on behalf of a foster care candidate. The matrix only designates such observations as subject to allocation to title IV-E where the activity performed is one of those that are allowable as title IV-E administration per Federal regulations at 45 CFR 1356.60(c)(2). Additional guidance

on title IV-E allowable administrative activities on behalf of candidate cases is provided in the CWPM, Section 8.1B(1&10). These RMS observations on behalf of candidates are further allocated to title IV-E and other programs based on application of the eligibility rate for children currently in foster care.

State officials indicated that foster care candidacy status, for title IV-E claiming purposes, is documented by New York through the case plan method. The Family Assessment Service Plan (FASP) is the primary document used to address case actions and determinations. There may, however, be other information such as progress notes in a case plan that serves to document the child's candidacy status.

The title IV-E requirements for case plans developed pursuant to section 471(a)(16) of the Social Security Act are set forth in regulation at 45 CFR 1356.21(g). The provisions at 45 CFR 1356.21(g) are, therefore, to the extent that they are applicable to pre-placement, controlling with respect to case plans used to document candidacy for foster care. Specifically, the provisions at 45 CFR 1356.21(g)(1) and (4) apply. The case plan used to document a child's candidacy for foster care must be a written document that is developed jointly with the parent(s) or guardian of the child and include a description of the services offered and provided to prevent removal of the child from the home. In addition, the State must document, in said plan, a determination that the child is at imminent risk of removal and placement into foster care and that the goal for the child is foster care if the services described in the plan are not effective. The State may claim administrative costs in the month that it determines and documents a child is a candidate for foster care consistent with section 472(i)(2) of the Act.

We also conducted an interview with a Preventive Services Unit supervisor in the Onondaga County Department of Social Services to obtain a local district perspective on how foster care candidacy is determined. This official explained that the overwhelming majority of Onondaga's preventive services cases are opened based on a child abuse or neglect allegation and a protective services investigation. The protective services unit provides a recommendation with respect to the need for preventive services, but the actual determination on whether and to what degree these services are needed is made within the preventive services unit. Almost all preventive services cases are opened as mandated cases. There is very limited use of non-mandated preventive services as an initial case type and little or no reclassification of cases from mandated to non-mandated preventive status.

We were told that in the past few years a concerted effort has been made in Onondaga County to assess the existing preventive services caseload to assure that appropriate services are delivered timely and that those cases do not languish or remain open longer than necessary. The result of this effort has been an ability to better utilize resources to target those cases in need of the most intensive services and close cases that no longer exhibit risk factors. It was found that although in most cases valuable services were being provided to the family, some cases had remained open as mandated preventive for a number of years without a clear plan for how or when a decision would either be made to remove the child(ren) or determine that the delivery of services was no longer needed.

Currently, Onondaga County classifies its mandated preventive cases as either indirect or direct based on the seriousness of the risk to the child in accordance with the Risk Assessment Protocol. Indirect cases are those cases found to have low to moderate risk and are generally serviced by contracted agency staff under the supervision of County staff. Direct cases are those deemed as at high risk and are serviced by County staff. A case can be escalated from indirect to direct if the circumstances so merit.

Our analysis of twenty-five randomly selected candidate cases consisted of reviewing the case record material provided by the State and recording relevant information on a case assessment instrument. The State chose to provide segments of the case record through its automated system (CONNECTIONS) deemed relevant to the review criteria. We decided to drop five cases from the review (and substitute five oversample cases) because appropriate case record information was not readily available for review. It should be noted that had this not been a pilot review, we would have reviewed the cases regardless of the level of information available. For each case reviewed, we determined whether the initial determination of candidacy status (regardless of when it occurred) and the redetermination of such that covers the selected RMS observation moment were performed and that it adequately documents candidacy status.

The findings from the review of our twenty-five sampled cases case review are that in the majority of the cases (13) a case plan had been established documenting that the child was at imminent risk of removal and placement in foster care both at the point that initial candidacy was established and, if needed, at the required point of redetermination applicable to the specific RMS observation moment. In the remaining cases (12), we either could not document that these circumstances existed or found documentation to support that imminent risk did not exist at either the point of case opening (10) or for the PUR (9), or at both points (7).

The table on the following page provides a summary of the case review findings for those twelve cases found to be at least partially undocumented with respect to candidacy status.

Case Count	Sample No.	Candidacy Determination - Initial	Candidacy Determination - During PUR
1	3	Undocumented – Risk of removal listed as minor in FASP. Sample child exhibiting school attendance issues and formerly in foster care.	Undocumented – RMS observation of 02/23/07. The FASP of 04/07 indicates sample child has bad friends & neighborhood but does not include a statement about seriousness of risk of removal.
2	OS-2	Documented in 02/06 FASP as risk of foster care due to neglect in 05/05.	Undocumented – RMS observation of 03/14/07. The case is listed as closing. No risk factors cited in 02/27/07 FASP.
3	OS-5	Undocumented – No document citing a risk of removal.	Undocumented – RMS observation of 03/22/07. No risk factors cited in 01/16/07 FASP. Sample child listed as adopted.
4	10	Documented in 07/06 FASP as risk of serious harm.	Undocumented – RMS observation of 03/02/07. No safety factors or risk of foster care cited in 03/08/07 FASP.
5	14	Undocumented – No initial case plan provided.	Documented - RMS observation of 03/06/07. Risk of harm cited in 02/07 FASP.
6	15	Undocumented – No initial case plan provided.	Documented - RMS observation of 02/02/07. Redetermination FASP documentation found to be acceptable.
7	16	Undocumented – No initial case plan provided.	Undocumented – RMS observation of 01/10/07. FASP indicates child in foster care (not a candidate) since at least 09/28/05.
8	17	Undocumented – Initial FASP of 02/02/07 does not cite an imminent risk of removal.	Undocumented – RMS observation of 03/10/07. Child is listed as having criminal charges pending and case as closing due to client request in 03/23/06 FASP.
9	20	Undocumented – Imminent risk of removal not stated in initial FASP. Sample child listed as disrespectful to mother and having a pending criminal case.	Undocumented – RMS observation of 01/10/07. No finding of risk of harm or foster care placement in 07/06/07 FASP.
10	21	Undocumented – No initial case plan provided.	Documented - RMS observation of 02/19/07. Redetermination FASP documentation found to be acceptable.
11	24	Undocumented – Imminent risk of harm or removal not stated in initial FASP. Sample child listed as having inappropriate website access.	Undocumented – RMS observation of 02/13/07. No finding of risk of harm or foster care placement in 02/23/07 FASP & child listed as in temporary custody of father.
12	25	Undocumented – Child removed shortly after birth (03/06) & placed with grandmother. Preventive services given in an attempt to re-unite family.	Undocumented – RMS observation of 02/16/07. Child continues to live with grandmother. No risk cited in that home.

Recommendations - Section D

1. The New York State PACAP should be amended to include a description of which cases (open mandated preventive services) it views as foster care candidates and the method (case plan) on how it documents these determinations.
2. Existing State policy permits the continued mandated preventive services case (candidate) activity while a child is in foster care. These costs are not allowable as title IV-E pre-placement administration. The RMS should, therefore, be modified to the extent necessary to assure that only those title IV-E allowable activities performed on behalf of otherwise eligible candidate children who have not been removed from their homes or have been returned home either through a foster care discharge or a trial home visit are counted as part of the pool of observations subject to assignment to title IV-E pre-placement administration. The only exception to this caveat is for child placement activity when a child is in the process of being removed from home.
3. The State should consider further development of more detailed guidance and standards for local districts with respect to identifying and documenting “candidate” cases where there is an initial and ongoing imminent risk of removal and foster care placement. To the extent that mandated preventive services cases may appropriately include children at a low of moderate risk while remaining in the home, such cases do not appear to mesh with the foster care candidate concept of an “imminent” or “serious” risk of placement. The State should, therefore, assure that the definition it uses in the RMS for title IV-E candidate cases is appropriate by excluding any mandated preventive services cases not meeting the candidacy standard.
4. Local districts should be encouraged to reclassify preventive services cases from mandated to non-mandated or visa versa depending on case circumstances and to timely close preventive services cases when appropriate.
5. The State should review the case review findings and make appropriate changes in the status of the sampled cases as well as any necessary systemic changes to avoid other instances of undocumented candidacy status.

Next Steps

No disallowance action will be taken based on the findings from the pilot ACR. The State should, however, review the final report and determine whether, and to what extent, title IV-E claiming adjustments (increasing or decreasing) are required as a result of this review. We also request that the State review the implications of the findings and recommendations contained in this final report. Corrective actions should be initiated, where appropriate, to enhance processes which assure that all costs claimed for title IV-E reimbursement are allowable, are properly allocated in accordance with the approved PACAP and are adequately documented. To the extent that changes are deemed necessary to the PACAP by the State, an appropriate amendment should be prepared and submitted for Federal approval through the HHS Division of Cost Allocation (DCA).

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