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June 30, 1999

Mr. John A. Johnson
Commissioner
Office of Children and Family Services
Capital View Office Park
52 Washington Street
Rensselaer, New York 12144

Re: Report 98-F-27

Dear Mr. Johnson:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the Office of Children and Family Services¹ (OCFS) as of June 3, 1999 to implement the recommendations contained in our prior audit entitled "*Adoption Subsidy Program*" (Report 96-S-2, issued February 4, 1997). That audit examined selected aspects of OCFS's Adoption Subsidy Program.

Background

OCFS supervises New York State's child welfare system, which includes the Adoption Subsidy Program (Program). The State mandates that every child is entitled to a caring, permanent family environment which supports all aspects of a child's development. The purpose of the Program is to find and maintain stable and permanent alternative homes for hard-to-place and handicapped foster children who have a goal of adoption. The Program encourages adoption

¹Between our prior audit and our current review, on August 20, 1997, the Governor signed welfare reform legislation that abolished the Department of Social Services and created a new agency in its place: the Department of Family Assistance. The Department of Family Assistance is composed of two independent agencies: the Office of Temporary and Disability Assistance and the Office of Children and Family Services.

of these children by paying part of the continuing costs for their special needs. As of December 31, 1998, the adoptive parents of approximately 35,199 children were receiving adoption subsidies in New York. OCFS pays approximately \$335 million per year in adoption subsidy payments to adoptive parents.

Summary Conclusions

In our prior audit, we found that OCFS needed to increase and improve its monitoring of district operations to ensure districts comply with Program requirements. Specifically, we found that districts were not complying with Department procedures relating to the screening process for prospective adoptive parents. In addition, adequate controls were not in place to ensure the adoptive parents remained eligible for the subsidies they received. We also found that potential adoptive parents throughout the State were not made aware of all children in need of adoption, and districts were not considering all potentially available adoptive families when recruiting to place eligible children. In our follow-up review, we found that OCFS has taken some actions to implement our recommendations.

Summary of Status of Prior Audit Recommendations

Of the 12 prior audit recommendations, OCFS officials have implemented seven recommendations and partially implemented the remaining five recommendations.

Follow-up Observations

Recommendation 1

Periodically monitor district compliance with Program requirements, particularly regarding the conduct of home studies. This should include, but not necessarily be limited to, performing periodic case reviews at the districts.

Status - Partially Implemented

Agency Action - OCFS is currently developing a single integrated system, referred to as CONNECTIONS, for the recording and collection of child protection, foster care and adoption service information statewide. The system connects all 58 local social service districts to OCFS and, when fully completed, will provide users access to OCFS's other information systems for child welfare. The system will generate Compliance Scan Reports and Monthly Compliance Reports which will provide OCFS with information that will allow it to monitor the status of various program requirements.

In addition, OCFS is currently evaluating its strategies for investing resources in monitoring and compliance and they are considering ways to use resources centrally and in regional OCFSs to conduct reviews.

Auditors' Comments - Our recent audit of CONNECTIONS (Report 97-S-68, issued November 17, 1998) found that the system has been only partially implemented with no projected completion date for the project. Until the new system is fully operational, we believe OCFS should perform formal monitoring of district compliance with program requirements through actual district site visits.

Recommendation 2

Reinforce to Fulton District officials the requirement to obtain sworn criminal statements for all adoptive parents.

Status - Implemented

Agency Action - OCFS sent a letter to the Fulton County Commissioner citing the appropriate sections of OCFS's Regulations and Social Services Law that require caseworkers to obtain sworn criminal statements for all adoptive parents.

Recommendation 3

Contact the Federal government to define what constitutes the minimal amount of financial support and what steps districts should take to verify adoptive parents meet this condition.

Status - Partially Implemented

Agency Action - OCFS contacted the Federal government to define what constitutes the minimal amount of financial support and what steps the districts should take to verify adoptive parents meet this requirement. However, to date, OCFS has not received a response. OCFS should continue efforts to obtain a response from the Federal government. The response should be incorporated into OCFS's policies and procedures.

Recommendation 4

Investigate the 19 potential matches to determine whether overpayments were made and take appropriate action.

Status - Implemented

Agency Action - OCFS investigated the 19 potential matches and determined that they had made overpayments to ineligible adoptive parents in the amount of \$215,312. Steps have been taken to recover a portion of these overpayments. OCFS has determined what it believes each family could afford to repay without causing an economic hardship for a family, especially where there are children involved. To date, OCFS has recovered approximately \$15,000 and has made arrangements to recover an additional \$75,185. In total, OCFS will recover \$89,785 or 41 percent of the overpayments.

Recommendation 5

Depending on the results of the potential matches, consider performing additional periodic matches with DOH.

Status - Implemented

Agency Action - OCFS has considered performing additional matches with the Department of Health, however, it has not made a determination on the cost/benefit of performing such matches. OCFS has requested another run be completed and from this effort it will make a final determination if an ongoing match is cost effective.

Recommendation 6

Establish an adequate monitoring system to ensure districts register with the Department all children freed for adoption.

Status - Partially Implemented

Agency Action - OCFS continues to develop CONNECTIONS which will generate reports that allow it to monitor districts' compliance with program requirements and ensure children freed for adoption are registered timely. In addition, OCFS continues to provide technical assistance and support to aid districts and agencies in complying with the registration of children freed for adoption.

Auditors' Comments - As cited previously, CONNECTIONS has been only partially implemented with no projected completion date for the project. Until the new system is fully operational, we believe OCFS should perform formal monitoring of district compliance with program requirements through actual district site visits.

Recommendation 7

Ascertain why Sanction 153-d exceptions that are resolved by the districts are not being removed from the exception report.

Status - Implemented

Agency Action - OCFS reviewed the 153-d Sanction Process and identified programing errors that resulted in resolved exceptions not being removed from the sanction list. After identifying the problems OCFS initiated a change request and modified the program. OCFS is currently testing those modifications.

Recommendation 8

Ensure all children who have been registered with the Department have been photo-listed on a timely basis, where appropriate.

Status - Implemented

Agency Action - OCFS redefined when the districts may delay a child's photo-listing. Generally, as soon as a child's registration is received the child is photo-listed. When a child is photo-listed their picture, along with a short descriptive paragraph, is printed in a catalog. Adoptive parents review the catalog to select a child. Currently, a child's photo-listing may be delayed six months, only when the child is not emotionally prepared for adoption. The delay is a one-time delay and the child is automatically photo-listed at the end of the six-months because it is in the best interest of the child to be placed in a permanent home. Also, as OCFS implements photo-listings on the Intranet and Internet, available children will be known to local district and agency caseworkers within 48 hours of OCFS receiving the photo and narrative.

Recommendation 9

Ensure the Blue Book contains only children who are actually available for adoption.

Status - Implemented

Agency Action - OCFS updates the Blue Book several times a week. In addition, OCFS was awarded a Federal grant to develop an Intranet for internal photo-listing and adoption parent listing and matching. The Intranet will more readily identify children who are "truly available" for adoption. Furthermore, it will update the Blue Book's electronic listings more frequently and will make available children viewable on both the Intranet and Internet.

Recommendation 10

Ensure reports for tracking the status of children who are freed for adoption are accurate.

Status - Partially Implemented

Agency Action - OCFS has developed, but not fully implemented, new procedures to ensure reports for tracking the status of children are accurate. Initially, OCFS thought its new CONNECTIONS system would be up and running and that the system would generate reports that track the status of children who are freed for adoption. However, management is not able to provide a date when the system will be fully operational.

CONNECTIONS, when fully operational, is supposed to prompt caseworkers when various program requirements are due. OCFS believes that CONNECTIONS will provide more timely and accurate information. Therefore, reports and information for tracking the status of children will be more reliable.

Auditors' Comments - Until the new system is fully operational, we believe OCFS should monitor the status of children freed for adoption through district site visits, whereat OCFS should test the accuracy of the information that has been reported regarding these children to their case files.

Recommendation 11

Routinely follow up concerning children who have had their photo-listing in the Blue Book delayed more than six months.

Status - Implemented

Agency Action - OCFS's new procedures will not allow a child's photo-listing to be delayed beyond six months. This delay may occur only if the child is not emotionally prepared for adoption. After the six months have lapsed, the child is automatically photo-listed.

Recommendation 12

Remind the districts on Department requirements for using PAPR.

Status - Partially Implemented

Agency Action - Prospective Adoptive Parent Registry (PAPR) is meant to serve as a Statewide resource that enables all districts to identify prospective adoptive parents for its special needs children awaiting adoption. OCFS officials feel little would be accomplished by sending a reminder to the districts. Instead, OCFS is currently updating and recreating PAPR in CONNECTIONS. Through a Federal grant, OCFS will facilitate electronic matching of children to prospective parents. OCFS officials indicate that this new process will be fully implemented within the next year.

Major contributors to this report were Richard Sturm, Brian Lotz and Randy Partridge.

We would appreciate your response to this report within 30 days, indicating any action planned or taken to address the unresolved matters discussed in this report. We also thank OCFS management and staff for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

William P. Chalice
Audit Director

cc: Mr. Charles Conaway, DOB