

State of New York
Office of the State Comptroller
Division of Management Audit

**DEPARTMENT OF
SOCIAL SERVICES**

**ADJUSTMENTS TO AFDC AND FOOD
STAMPS BENEFITS RESULTING
FROM FOSTER CARE PLACEMENTS**

REPORT 96-S-17



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit

Report 96-S-17

Mr. Brian J. Wing
Commissioner
Department of Social Services
40 North Pearl Street
Albany, NY 12243

Dear Mr. Wing:

The following is our audit report on adjustments to Aid to Families with Dependent Children and Food Stamps benefits resulting from Foster Care placements.

This audit was performed pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law. Major contributors to this report are listed in Appendix A.

*Office of the State Comptroller
Division of Management Audit*

September 23, 1997

Executive Summary

Department Of Social Services Adjustments To AFDC And Food Stamps Benefits Resulting From Foster Care Placements

Scope of Audit

The Department of Social Services (Department) supervises the State's child welfare system, which includes the Aid to Families with Dependent Children (AFDC), Food Stamps and Foster Care programs. The Department oversees the activities of the State's 58 local social services districts (districts), including New York City's Human Resources Administration (HRA), which administer these programs. AFDC provides basic grants to families which have insufficient income support, and can also provide additional monies to help pay for shelter and heating fuel costs. Food Stamps are income supplements intended to alleviate hunger and improve nutrition for low-income families. Foster Care is intended as a temporary substitute for parental care for children who are placed in the care and custody of a local social services commissioner.

The Social Services Law and Department regulations stipulate that AFDC basic grant and Food Stamps benefits are based on household size, among other factors. Department regulations require that districts reduce the household's monthly AFDC and Food Stamps benefits when a child is placed in Foster Care, and the shelter and heating fuel benefits if the child will not be returning to the household.

Our audit addressed the following questions about Department controls over these benefit adjustments for the period January 1, 1995 through January 31, 1997:

- Does the Department ensure that districts timely and accurately adjust AFDC and Food Stamps benefits to reflect a child's placement in Foster Care, or a decision not to return the child to the household?
- Do Department systems provide the information districts need to adjust these benefits?

Audit Observations and Conclusions

We found that the Department can better ensure that districts appropriately reduce the amount of AFDC and Food Stamps benefits paid to households when children from those households are placed in Foster Care by improving districts' access to all relevant information. The Department can do this by completing its current systems development project and by working with districts, especially HRA in New York City, to ensure Foster Care data is recorded timely.

We examined a sample of 105 Foster Care placements (50 from upstate districts and 55 from New York City) which occurred during the year ended December 31, 1995. We found that all districts made reasonably accurate adjustments to shelter and heating fuel benefits when children decided not to be reunited with the households from which they came. We also found that upstate districts generally made appropriate adjustments within the Department's accepted time frame when children were placed in Foster Care. However, we determined that HRA did not make timely adjustments to account for Foster Care placements in 38 percent of the sample cases in New York City. As a result, HRA overpaid related benefits of about \$13,000. If the same error rate applies to all 7,847 placements that occurred in New York City in 1995, HRA could have overpaid benefits by between \$1.1 and almost \$1.3 million. We recommended that the Department ensure HRA takes appropriate action to recover these overpayments. (See pp. 4-7)

Districts should be able to access both benefit authorization payment data on the Department's Welfare Management System (WMS) and Foster Care placement information on the Department's Child Care Review Services System (CCRS) when making adjustments to benefits. However, we found that, because there is no internal interface between these two systems, districts must manually input both Foster Care and public assistance data on both systems. This time consuming process increases the risk that information will be communicated late, and districts will overpay benefits. The Department has underway a child welfare systems redesign project which should provide this needed interface by Fall 1997. In the New York City district, however, we believe that this new interface alone will not prevent HRA from making a comparatively large number of overpayments. We found that the backlog of data awaiting entry on HRA's CCRS system was such that 50 to 60 percent of the placement data was over 45 days old. We recommended that Department officials work with HRA to improve the integrity of CCRS data, and ensure that the Department's new system includes computer edits to identify overpayments when children enter Foster Care. (See pp. 7-9)

Comments of Department of Social Services Officials

Department of Social Services officials generally agreed with the report's three recommendations and indicated actions are being taken to implement them. Social Services officials provided comments and supporting documentation submitted by the NYC Human Resources Administration (HRA) and Administration for Children's Services. The HRA disagreed with our calculation of the amount of AFDC and Foods Stamps benefits overpayments resulting from untimely processing of benefit adjustments necessitated by Foster Care placements. However, our analysis of the documentation submitted by the HRA showed that HRA's recalculation of overpayments resulting from our findings was inaccurate.

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Introduction

Background

The Department of Social Services (Department) supervises New York State's child welfare system, which includes the Aid to Families with Dependent Children (AFDC),¹ Food Stamps and Foster Care programs. The Federal government funds 50 percent of AFDC benefits and State and local governments equally fund the balance. The Federal government funds Food Stamps benefits entirely. The Department oversees the activities of the 58 local social services districts (districts) which administer these programs. The Department's stated mission is to guide and support districts in providing direct services through policy and program development, system support, monitoring and quality improvement.

AFDC provides basic cash assistance grants which provide for families with children who are without sufficient income support. These grants can include additional monies to help pay the costs of shelter and heating fuel. The Food Stamps program is intended to alleviate hunger and improve the nutritional level of low income families by supplementing their funds to purchase food. Foster Care is intended as a temporary substitute for parental care for children who are placed in the care and custody of a local social services commissioner.

The Social Services Law and Department regulations stipulate that the amounts of the AFDC basic grant and the Food Stamps grant are dependent on various factors, one of which is the size of the household. Most changes in household composition impact the dollar value of the grants. One such change occurs when a child is placed in Foster Care. Department regulations require the districts, including New York City's Human Resources Administration (HRA), to reduce the amount of the household's monthly AFDC basic grant (by about \$65) and monthly Food Stamps allotment (by about \$75) for each child placed in Foster Care. Local districts must continue to pay the household the full amount of any additional monies for shelter and heating fuel when a child enters Foster Care. As long as the child's Foster Care goal is reunification with the household, the Department views this assistance as a means of maintaining a home to which the child can return. However, when the child's Foster Care goal becomes adoption by another family or independent living (living on his or her own), Department regulations require that districts also reduce the household's heat and shelter portion of the monthly grant. This reduction averages about \$40 per child.

The Department maintains computerized data relating to AFDC and Food Stamps benefit authorizations on its Welfare Management System (WMS). WMS includes the public assistance household composition data before and after Foster Care placement. The Department's Child Care Review Services System (CCRS) contains the case records of children in Foster Care, including the date and type of placement and each child's placement goals. The

¹ Effective August 22, 1996, AFDC was replaced with a Federal block grant program called Temporary Assistance to Needy Families or TANF. However, at the time of our audit, the Department continued to use AFDC to provide assistance since the New York State Legislature had not yet amended State statutes to accommodate the Federal changes.

information available on these systems should ensure that districts do not overpay AFDC and Food Stamps benefits when children enter Foster Care, or when they change their placement goals to adoption or independent living.

About 50 percent of children in Foster Care upstate, and between 60 and 70 percent of Foster Care children in New York City, come from households that receive AFDC benefits and Food Stamps. As of December 31, 1995, more than 53,000 children were in Foster Care, 13,448 upstate and 40,114 in New York City. During 1995, districts placed 14,511 children in Foster Care; in the same year, about 5,400 Foster Care children had their goal changed to adoption.

Audit Scope, Objectives and Methodology

For the period January 1, 1995 through January 31, 1997, we audited the controls over adjustments to AFDC and Food Stamps benefits, both when children leave the household for Foster Care, and when children in Foster Care do not return to the household. The objectives of our performance audit were to determine the extent to which the Department ensures districts make these adjustments timely and accurately to comply with provisions of the Law and regulations, and whether Department information systems are adequate to provide the information districts need to make the adjustments. To accomplish our objectives, we reviewed Department procedures and controls related to the adjustment of household AFDC and Food Stamps benefits when children enter Foster Care. Using Department records of statewide admissions to Foster Care during the year ended December 31, 1995, we randomly selected 105 Foster Care placements (50 from upstate districts and 55 from New York City) to determine whether districts made accurate and timely adjustments to the AFDC and Food Stamps benefits for children entering Foster Care.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of the Department which are included within our audit scope. Further, these standards require that we understand the Department's internal control structure and compliance with those laws, rules and regulations that are relevant to our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based audit approach to select activities for an audit. We therefore focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest possibility for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. We devote little audit effort to reviewing operations that may be relatively efficient and effective. As a result, we prepare our audit reports on "an exception basis." This audit report,

therefore, highlights those areas needing improvement and does not address those activities that may be functioning properly.

Response of Department Officials

Draft copies of this report were provided to Department officials for their review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

In response to the draft report, Department of Social Services officials provided comments and supporting documentation submitted by the NYC Human Resources Administration (HRA) and Administration for Children's Services. Some of the documentation submitted by the HRA contained personally identifying information of public assistance recipients. We excluded this documentation from the Department's response and did not include it in Appendix B to this report.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Social Services shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

Benefit Adjustments

To determine whether districts reduce benefits as a result of a child's placement in Foster Care, we sampled 105 Foster Care placements (50 from upstate districts and 55 from New York City) which occurred during the year ended December 31, 1995. We found that upstate districts generally made the appropriate reductions within the accepted Department time frame. However, in testing the sample of New York City cases, we found that the HRA did not make timely adjustments in 38 percent of the cases, with the result that HRA overpaid related benefits. If the same error rate is applicable to all such cases in New York City, then HRA could have made overpayments totaling between \$1.1 and almost \$1.3 million in 1995. Our audit did not identify significant overpayments of shelter and heating fuel benefits that could have occurred when a child's Foster Care goal changed to adoption or independent living.

We believe the Department can better ensure that districts pay the appropriate benefits to households by improving its monitoring of districts' operations, especially those of HRA, and by establishing procedures to ensure that Foster Care information is accurate and up-to-date. We also encourage Department officials to carry out their planned improvements to automated systems as quickly as possible. Improving these systems will help districts avoid overpaying benefits.

Overpayments to Households

When children enter Foster Care, their households' basic AFDC grant and Food Stamp benefit should be reduced. The shelter and heating fuel portion of the AFDC grant remains with the child's family, to assist in maintaining the household until the child returns home. If the child's Foster Care goal changes from reunification with the family to adoption or independent living, local district staffs adjust the remaining AFDC grant.

We evaluated the effectiveness of Department regulations to ensure districts make accurate and timely adjustments to AFDC and Food Stamps when children enter Foster Care. The Department had no quantitative data showing the actual error rate associated with household composition changes resulting when a child enters Foster Care. Instead, Department officials told us that their Federally mandated quality control review system, performed by their Office of Quality Assurance and Audit (QAA), includes statistical samples of 1,200 AFDC and 1,020 Food Stamps cases every year to verify the eligibility of recipients that districts have authorized to receive benefits and to ensure that districts pay recipients the proper grant amount.

According to Department officials, this systematic sampling approach enables the Department to identify systematic errors in AFDC and Food Stamps benefits. A Department official told us that the error rates for the year ended

September 30, 1995 (nearly 6 percent for AFDC and 8 percent for Food Stamps) are insignificant compared with the size of these programs, and that household composition errors (adjustments to household size) represent only 10 to 20 percent of all errors found.

However, in our judgement, these reviews do not provide adequate assurance that districts make these adjustments when appropriate. Department officials acknowledge that the likelihood that AFDC and Food Stamps households with foster children are included in QAA review samples is very small (less than two tenths of one percent), based on the total population of recipients. Moreover, QAA compiles no statistics for errors relating to AFDC and Food Stamps households with foster children. As a result, the Department cannot determine whether districts make the proper adjustments to timely reduce household benefits.

We evaluated the extent to which districts make adjustments to reduce benefits immediately after children are placed in Foster Care, as required by State regulations. To do this, we tested for adjustments to benefits in a randomly selected sample of children entering Foster Care from AFDC households during 1995. Our test included 50 children from upstate localities and 55 from New York City. (District officials told us that the Department allows them up to 30 days to adjust benefits, which gives districts sufficient time to process the necessary paperwork and notify recipients.) Given that adjustments made during the 30 day period are considered timely, we did not review the cases of children in Foster Care less than 30 days.

For our sample of 50 cases from upstate districts, we excluded 14 cases where children returned to their families and were in Foster Care less than 30 days. Of the remaining 36 cases in our upstate sample, we found that only one case, involving benefits of \$192, did not have the required adjustments. For our sample of 55 cases from New York City, we found that benefits for 16 children were appropriately adjusted by the HRA. We excluded a total of 18 cases because 6 of the children returned to their families and had been in Foster Care for less than 30 days, and another 12 households were no longer receiving benefits at the time the child entered Foster Care. For the remaining 21 sampled cases (38 percent), we found that AFDC and/or Food Stamps benefit payments were not adjusted as required. These cases involved AFDC over-payments totaling \$9,045 and Food Stamps overpayments totaling \$3,985. The average overpayment per case for AFDC was \$476 for 19 cases (34.5 percent); the average overpayment per case for Food Stamps was \$498 for 8 cases (14.5 percent).

During 1995, HRA admitted 7,847 children to Foster Care. The Department estimates that 60 to 70 percent of these children came from AFDC households. We applied the AFDC error rate of 34.5 percent from our sample to a

population of children from AFDC households ranging from 4,708 to 5,493 (60 and 70 percent respectively, of total placements). By multiplying these estimates of the number of unadjusted AFDC benefit cases by the average overpayment of \$476, we estimate HRA may have potentially overpaid AFDC benefits totaling between \$773,000 and \$902,000. For Food Stamps, we estimate HRA may have overpaid benefits totaling between \$339,000 and \$396,000. If the error rates in the AFDC and Food Stamps payments we identified in our sampled cases are representative of the error rates in the entire population of children who entered Foster Care, then potential over-payments resulting from HRA not adjusting benefits when children were placed in Foster Care would have ranged from \$1.1 million to nearly \$1.3 million, for the 1995 calendar year.

We provided the Department and HRA officials with the results of our sample for their review. In their response to this report, Department officials stated that of the 21 cases cited for errors, HRA has initiated recoupments for 16 cases that were overpaid, but that HRA disagreed with the amounts listed as overpayments in eight of these cases. According to Department officials, HRA contended that there were no overpayments for the other five cases, as the children were removed from public assistance prior to their placement in Foster Care.

However, when we reviewed the documentation submitted by HRA, we found that HRA's recalculation of our overpayment estimate was inaccurate because HRA excluded from its recalculation six cases for which HRA agreed overpayments were made. Additionally, we contacted Department of Social Services officials to make arrangements to visit HRA to verify the records supporting the documentation submitted with HRA's response to the draft report. However, Department officials informed us that the HRA refused to grant us access to their records. Consequently, we made no adjustments to our estimate of AFDC and Food Stamps benefits overpayments resulting from HRA's failure to make timely adjustments to benefits when children enter Foster Care.

Recommendation

1. Ensure that HRA takes appropriate action to recover overpayments we identified in our sampled cases.

(Department officials responded that HRA has initiated recoupment for 16 of the 21 cases cited in our report. HRA officials disagreed with the amounts of these overpayments. Further, according to HRA, the remaining five cases had no associated overpayments as the children stopped receiving public assistance benefits prior to their placement in Foster Care. However, HRA's data provided to support their position is inconclusive and does not clearly support their statement that the overpayment amounts were different and that the children were removed from public assistance.)

System Enhancements

To ensure that districts are able to make timely adjustments to benefits when necessary, the Department should provide the system support and other improvements districts need to prevent overpayments. However, we found that there is no direct link between the Foster Care data base (CCRS) and the benefit authorization payment system (WMS) - both of which contain information needed to adjust benefits. To reduce the risk of overpayment, the Department should continue current efforts to improve its automated systems, and work with HRA to improve the reliability of CCRS data for the New York City district.

Local districts are responsible for establishing controls over the intake process when a child is admitted to Foster Care or Child Protective Services to determine if the child is from an AFDC/Food Stamps household. If the child is from such a household at the time of placement, the districts' Intake units must notify their Income Maintenance (IM) units. The IM units can then adjust the basic AFDC grant and Food Stamps benefit as appropriate. Districts are also responsible for developing a process to inform their IM units when a child's Foster Care goal changes from reunification with the family to adoption or independent living, so that IM staff can adjust the shelter and heat portion of the AFDC.

In the districts we visited, the process used for making these adjustments to benefits involves manually communicating data to update both the Foster Care case management database and the public assistance payment authorization system. There was no direct link between these two systems. As the results of our sample in the prior section show, this time consuming process increases the risk that information will be communicated late or not at all, and that

districts will overpay benefits. We found that the Department has been aware of system deficiencies for the past five years. However, Department officials have not made the necessary changes to automated systems or provided adequate monitoring to ensure that districts do not make overpayments.

Department officials told us their CONNECTIONS system will improve the automated systems for Foster Care case management and benefit assistance payment authorization. In 1993, Federal funding became available to improve automated support for child welfare information systems. According to Federal requirements, states must implement system improvements by Fall 1997 to receive enhanced funding. In November 1995, the State awarded a contract to complete its child welfare systems redesign project. The contract provisions require that the new system “support the physical notice of changes in foster placement of children and interface with necessary system(s) to determine public assistance eligibility.” Department officials told us that they plan to have these improvements made by Fall 1997.

We support Department efforts to implement the interfacing of systems to correct problems with making benefit adjustments timely. With the systems interface, all districts will be able to match payment authorization data with current Foster Care placement data to avoid paying a child’s benefits to the household he or she has left. We believe that such computerized matching capability can help identify significant numbers of potential overpayments, as the following experience of HRA manual data matches indicates.

HRA officials established a unit to conduct computerized matches of various kinds of data from other State agencies and from nearby states to ensure all benefit payments are appropriate. This process includes matching for possible overpayment when a child enters Foster Care. These HRA employees manually review potential matches to identify adjustments to benefits that should have occurred. In 1995, this unit reviewed more than 2,800 cases, more than 1,400 of which required benefit adjustments totaling over \$1 million.

However, we question whether the internal interface alone will be effective in addressing the problems in the New York City district. The CCRS system, which should maintain the adjusted household composition data after a child is placed in Foster Care, does not contain timely and accurate information. Timely data is defined in New York City as data entered on CCRS within 45 days of a child’s entering Foster Care. We found that, for the two years ending June 1996, HRA’s data entry backlog was such that 36 to 48 percent of data awaiting entry on CCRS was over 45 days old.

If the Department and HRA are to have an effective interface between CCRS and WMS and achieve the goal of preventing overpayments to New York City

households, the Department will have to work with HRA to improve the integrity of CCRS data.

Recommendations

2. Establish procedures to ensure CCRS data is inputted timely and accurately so that interfaces between CCRS and other systems produce accurate results.

(Department and ACS agreed with this recommendation and stated that they have been working together to improve the timeliness and quality of data contained in the CCRS.)

3. Ensure that any future systems development includes edits to identify improper public assistance payments for children in Foster Care. Until this is done, periodically review whether districts make public assistance payments to households with children in Foster Care, and take any necessary corrective actions promptly.

(Department officials agreed with this recommendation stating that they would consider developing computer edits as part of their CONNECTIONS project, paying special attention to reviewing HRA's operations.)

Major Contributors to This Report

Walter Barber
Frank Houston
Kevin McClune
William Challice
Michael Solomon
Richard Sturm
Robert Mainello
Andrew Fischler
Christina Mo
Michael Sawicz

NEW YORK STATE
DEPARTMENT OF SOCIAL SERVICES
40 NORTH PEARL STREET, ALBANY, NEW YORK 12243-0001
BRIAN WING
Commissioner



July 1, 1997

Mr. Kevin McClune
Director of State Audits
Office of the State Comptroller
A.E. Smith State Office Building
Albany, New York 12236

Re: OSC Draft Report - Adjustments to
ADC and FS Benefits Resulting from
FC Placements 96-S-17 (97-007)

Dear Mr. McClune:

We reviewed your draft report on "Adjustments to Aid to Dependent Children and Food Stamp Program Benefits Resulting from Foster Care Placements" and also shared it with the appropriate agencies in New York City. We are enclosing comments and supporting documentation that we received from New York City's Human Resources Administration (HRA), as well as comments from the Administration for Children's Services (ACS). We believe it is important to point out that while steps are being taken by both agencies to insure timely updating of computer file information, HRA disagrees with the report's conclusion that timely adjustments were not made in 38 percent of the sample cases and that potential overpayments during the audit period ranged from \$1 million to nearly \$1.4 million. HRA performed its own analysis of the overpayments and concluded that the error rate should have been 14.54 percent and that the potential overpayment was approximately \$181,000.

As for the recommendations, our response is as follows:

Recommendation 1: Ensure that HRA takes appropriate action to recover overpayments identified in sampled cases.

Response: Of the 21 cases cited for errors, HRA has initiated recoupments for the 16 cases that were overpaid, but disagrees with the report's amounts listed as overpaid in eight of these cases. HRA also contends that there were no overpayments for the five other cases as the children were removed from public assistance prior to their placement in foster care.

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Appendix B

Recommendation 2: Establish procedures to ensure CCRS data is input timely and accurately so that interfaces between CCRS and other systems produce accurate results.

Response: As recognized by the report, the Department has been working to provide the system support necessary to correct this problem. Department and ACS staff have undertaken a significant clean-up effort on Child Care Review Service (CCRS) data to ensure files are up to date prior to conversion to CONNECTIONS. Additionally, the on-line nature of CONNECTIONS coupled with the Adoption and Foster Care Analysis and Reporting System will ensure more timely input of foster care data.

Recommendation 3: Ensure that any future systems development includes edits to identify improper public assistance (PA) payments for children in foster care (FC). Until then, periodically review whether districts make PA payments to households with children in FC and take any necessary corrective actions promptly.

Response: We will consider the recommendation to develop edits as part of the implementation of the CONNECTIONS project. Since the upstate districts had no significant errors we will concentrate our efforts in reviewing HRA's operations.

We trust that our comments as well as those from HRA and ACS will be considered before issuing the final report.

Sincerely,



David P. Avenius
Deputy Commissioner
Management Support and
Quality Improvement

Enclosures



HUMAN RESOURCES ADMINISTRATION
OFFICE OF AUDIT, BUDGET AND FINANCIAL MANAGEMENT
REVENUE MANAGEMENT AND DEVELOPMENT
151-155 WEST BROADWAY, NEW YORK, N.Y. 10013

LILLIAM BARRIOS-PAOLI
Administrator/Commissioner

JOAN WESTMEYER
Executive Deputy Administrator

DAVID T. FITZGERALD
Deputy Administrator

May 29, 1997

Mr. Paul Niedbalec
Office of Quality Assurance
And Audit
New York State Department of
Social Services
74 State Street
Albany, New York 12243

Re: NYS Comptroller's Office
Audit of Foster Care
Adjustments to AFDC and FS
Draft Report

Dear Mr. Niedbalec,

I am sending to you the reply to the above referenced draft report received from Income Support so that you can incorporate the information into your response to the New York State Comptroller's Office. I understand that ACS is sending their response separately.

Sincerely yours,

Hope Henderson
Director
Bureau of Audit
Coordination

cc: D. Fitzgerald
M. Olech

THE CITY OF NEW YORK
HUMAN RESOURCE ADMINISTRATION

FAMILY INDEPENDENCE ADMINISTRATION OPERATIONS
OFFICE OF QUALITY ASSURANCE

MEMORANDUM

DATE: May 28, 1997

TO: Hope Henderson, Director
Bureau of Audit Continuum

FROM: Linda Feldherr, Director
Audit and Quality Control 

SUBJECT: NYS COMPTROLLER AUDIT - OF FOSTER CARE
ADJUSTMENTS TO ADC-PS

Attached please find ISP's response to the above audit report #96-5-17.

cc: P. Smith
B. Blaustein
R. Abdollah
N. Estafanous
J. Fishelson
J. Thomas
A. Bloom

MEMORANDUM

DATE: May 27, 1997

TO: Linda Feldherr, Director
Office of Quality Assurance
And Control

FROM: Joel Fishelson, Director
Office of Fiscal and Program Integrity

SUBJECT: NYS Comptroller's Audit of Foster Care Adjustments to AFDC and FS

We have reviewed the draft audit report and have the following comments:
The draft report makes reference to the "Department of HRA" not having an interface process with the CCRS and WMS. The CCRS system is unique to the Agency for Children's Services (ACS); HRA/Income Support (IS) is a separate agency which uses the WMS. Both of these systems are State systems, however we do have procedures to govern how we process the information received for children placed in foster care by ACS. Part of the Paperless Office System (POS) will include the redesign of WMS. This redesign will be in the initial phase of the project and it will link CCRS and WMS.

HRA/IS has a computer match unit (CMU) which runs a monthly foster care match. The ability of HRA to timely process removals is clearly tied to CCRS update. Of the 16 noncompliances, 10 cases took longer than 30 days to update, while 3 others took between 16 to 30 days to update CCRS after the child's placement. The longer the update process, the longer it takes for our monthly match process to identify the child to be removed. In 1996 the CMU received an average of 246 hits per month and was able to process approximately 192 hits (78%) within 30 days of receipt. The remaining cases were referred to the Income Support Centers since they involved functions that only the Centers are authorized to process; bottom-line budgets, unborn children, etc. See attachment C.

Given that there are 3,000 hits per year, we question the estimated population of children utilized to project the potentially overpaid benefits. Our analysis shows that based on 8 overpayments for public assistance and food stamps the error rate is 14.54% rather than 38%. When applying this percentage to the actual number of children placed in foster care in 1995, the potential dollar amount is approximately \$181,000. An amount significantly less than the \$1.1 million cited in the draft report. See attachment D.

Our review of the 21 children cited for errors in the draft report reveals that:

- 5 were removed from public assistance / food stamps prior to placement; attached are the printouts for these cases (See attachment F)
- while we agree that the remaining 16 children were not removed within 30 days of their placement, we disagree as to the dollar overpayment related to 8. (See attachment B)

(2)

RECOMMENDATION

1. Ensure that HRA takes appropriate action to recover overpayments we identified in our sampled cases.

HRA / IS RESPONSE

Recoupments have been initiated for the 16 cases cited for overpayments. See attachment E. As a result of this finding, the Computer Match Unit will develop an internal audit instrument to measure the accuracy of the information on the CCRS screens and timeliness of recoupments processed. This internal audit will begin September 1997.

RECOMMENDATION

2. Ensure procedures to ensure CCRS data is inputted timely and accurately so that interfaces between CCRS and other systems produce accurate results.

HRA / IS RESPONSE

This recommendation should be directed to ACS.

RECOMMENDATION

3. Ensure that any future systems development includes edits to identify improper public assistance payments for children in Foster Care. Until this is done, periodically review whether districts make public assistance payments to households with children in Foster care, and take any necessary corrective actions promptly.

HRA / IS RESPONSE

Part of the Paperless Office System (POS) will include the redesign of WMS. This redesign will be in the initial phase of the project and it will link CCRS and WMS. Thereafter, when a child is placed in foster care the Connection System will automatically rebudget WMS so that no overpayment can occur. Until this process is implemented, the CMU internal audit findings will be used to provide information to us for cases to be followed up for recoupments. Additionally, HRA/IS will meet with ACS to explore the feasibility of developing a plan to report foster care placements to IS and better monitor the process until POS is operational.

cc: H. Stirling N. Estafanous P. Smith B. Blaustein J. Thomas



ADMINISTRATION FOR CHILDREN'S SERVICES
OFFICE OF FINANCE, AUDIT & BUDGET
80 LAFAYETTE STREET, 18TH FLOOR, NEW YORK, N.Y. 10013

NICHOLAS SCOPPETTA
Commissioner

DAVID FAZIO
Assistant Commissioner

CS-8-1380
Rev. 5/97

MEMORANDUM

TO: Hope Henderson, Director
Audit Coordination
Human Resources Administration

FROM: Sylvia S. Brown, Director 
Audit

DATE: June 3, 1997

SUBJECT: State Comptroller's Draft Audit Report on Adjustments to
AFDC and Food Stamps Benefits Resulting from Foster Care
Placements (96-S-17)

We have reviewed the above draft audit report. We are responding to Recommendation 2 as it applies to the timely and accurate input of data into the CCRS.

ACS' Division of Child Protection (DCP) has continued to review and improve its work processes to comply with the SSPS (Statewide Services Payment System) reimbursement requirement that new foster care placements be fully opened in WMS and CCRS *within seven days of placement*. However, before the full case opening is completed, notification to HRA of a child's placement in Foster Care via Form W-278 takes place.

DCP is in the process of sending a reminder/update to all Categorical Eligibility Specialists in the field offices as to the correct procedure to follow regarding Form W-278. The reminder/update will instruct the Specialists to complete the W-278 form and inform the Specialists to send the Form directly to ICP at 330 West 34th St. This revised process will reduce the notification process by several days.

Once a child is accepted into Foster Care, the case is turned over to a Foster Care Specialist in the Division for Family Permanency (DFP). Here, the Specialist makes a

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determination as to the goal of the Child. If the goal changes from reunification with the public assistance family to adoption or independent living, the Specialist completes the Form W-278 to "DISCONTINUE" the shelter allowance. The Form is then sent directly to the appropriate local HRA Income Support center for processing. DFP executive staff is currently reviewing the process to see where time savings might be realized in this phase.

If there are any other areas that ACS might look at in order to further improve the timeliness of your making adjustments to AFDC grants, please feel free to contact me at 266-2453.

cc L. Gibbs Paul Niebalec
D. Fazio
E. McPartland