



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-12-0266

December 18, 2009

ARRA DCS FOSTER CARE PROGRAM

*Indiana Inspector General Staff Attorney Kristi Shute and State Examiner Bruce A. Hartman of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of the Foster Care program<sup>1</sup> within the Department of Child Services (DCS).<sup>2</sup>

The Foster Care program provides federal funding to states to provide foster care and transitional independent living programs for children.<sup>3</sup>

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act (ARRA).<sup>4</sup> The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in

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<sup>1</sup> 42 USC §670 *et seq.*

<sup>2</sup> The Indiana Department of Child Services (DCS) is established in IC 31-25-1-1.

<sup>3</sup> See footnote 1, *supra*.

<sup>4</sup> American Recovery and Reinvestment Act of 2009, P.L. No. 111-5, 123 Stat. 115 (2009).

program funding and tax credits.<sup>5</sup>

The purpose of this report is to document a preliminary ARRA compliance review of the Foster Care program by the State Board of Accounts (SBOA) and the Office of the Inspector General (OIG).

## I

To date, DCS has received a 6.20% increase to its regular Foster Care Federal medical assistance percentage (FMAP) rate each quarter for the period October 1, 2008 through September 30, 2009, reducing the State's expenditures by \$3,559,272. The temporary increase to Foster Care's FMAP rate will presumably continue each quarter through December 31, 2010, and the savings in State expenditures will be based on future Foster Care payments to participants. The funds must be liquidated by the business day following the close of each quarter.

## II

The OIG's enabling statute provides that the OIG "is responsible for addressing fraud, waste, abuse and wrongdoing in agencies." IC 4-2-7-2(b).

The SBOA has similar duties, including the authority to develop and publish "accounting and uniform compliance guidelines manuals" ("Manuals") to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or "any law."

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<sup>5</sup> See: <http://www.recovery.gov>.

IC 5-11-5-1(a).

Within these authorities, a preliminary review of the Foster Care program was made. This review included, but was not limited to, reviewing the program objectives, meeting with the program staff, reviewing agency-completed spending plans, reviewing monthly update reports submitted to the Indiana Office of Management and Budget (OMB) and an assessment of the program's risks.

From this preliminary review, we make the following findings and recommendations.

III

A

Findings

1

We find from our initial review, except for the issues addressed below, that the controls over the Foster Care program ARRA funding are adequate to meet the respective federal ARRA and State OMB guidelines and requirements.

2

We did find that the Foster Care program has two unresolved federal A-133 findings: Finding 2000-FSSA (DCS)-3 Foster Care Provider Licensure and Finding 2003-FSSA (DCS)-1 Foster Care Payments.

These issues will be addressed during the SBOA's 2009 A-133 audit of Foster Care.

In addition, we find that the program was not in substantial compliance with Federal eligibility requirements, based on a primary review performed by The Children's Bureau of the Administration for Children and Families of the Department of Health and Human Services for the period April 1, 2008, through September 30, 2008.

At a later date, we may perform additional procedures as deemed necessary to verify compliance requirements.

B

Recommendations

Accordingly, we recommend that:

1

Future ARRA expenditures as addressed above be made through procedures approved by the SBOA.

2

That DCS bring itself into compliance with the pending A-133 issues.

Dated this 18th day of December, 2009.

APPROVED BY:



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David O. Thomas, Inspector General