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OFFICE OF THE STATE COMPTROLLER

August 13, 2013

Ms. Gladys Carrión, Esq.
Commissioner
Office of Children and Family Services
52 Washington Street
Rensselaer, NY 12144

Re: Adoption Subsidy Program
Report 2012-F-15

Dear Commissioner Carrión:

According 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 followed up on the actions taken by officials of the Office of Children and Family Services to implement the recommendations contained in our audit report, *Adoption Subsidy Program* (Report 2008-S-106) issued August 18, 2010.

Background, Scope and Objective

The Office of Children and Family Services (OCFS) was established in 1998 to promote the well-being and safety of children, families and communities, and to oversee the State's child welfare system. For example, OCFS oversees the Adoption Subsidy Program (Program). The goal of the Program is to locate and maintain stable and permanent alternative homes for hard-to-place and handicapped foster children. Under New York State Social Services Law (Law), the Program includes subsidy payments to assist adoptive parents in the care and support of these children. The Adoption Subsidy Bureau is the unit within OCFS that oversees the Program. The Program is administered by local social service districts (Districts).

To obtain subsidy payments, the adoptive parent(s) must enter into an adoption subsidy agreement (agreement) with a District, or an authorized voluntary agency (i.e., a not-for-profit agency that provides foster care services). The agreement contains Program eligibility criteria, medical documentation requirements and historical information to support that a child is hard-to-place or handicapped. The agreement also identifies the amount of the subsidy payment.

Our initial audit report examined whether adoption subsidy payments to adoptive parents were supported and in compliance with governing regulations. We found most payments were generally supported and in compliance, however we identified \$214,593 in payments that appeared to be inappropriate and likely recoverable. Of this amount, \$180,783 was paid in support of 25 children who are reportedly deceased according to other government records. OCFS stopped payments for 21 of these 25 children. However, if subsidy payments for the remaining four children were also inappropriate, another \$423,880 in payments could improperly be made to these adoptive parents through their respective children's 21st birthday. We recommended OCFS investigate these cases immediately to prevent further overpayments. We also identified another \$33,360 paid to one household after the adopted person had turned 21. These payments occurred as a result of incorrect date of birth information in OCFS records. Had payments continued to this household, the adoptive parents would have inappropriately received another \$55,041. We recommended OCFS improve its monitoring efforts to ensure that ongoing subsidy payments, once initiated, are appropriate. OCFS officials agreed with our recommendations and noted that they had already begun to implement them. The objective of our follow-up was to determine the implementation status, as of June 28, 2013, of the two recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

OCFS officials have made progress in correcting some of the problems we identified in the initial report. Of the two prior audit recommendations, one was implemented and one was partially implemented.

Follow-up Observations

Recommendation 1

Investigate all overpayments identified in our audit report and make appropriate recoveries.

Status - Implemented

Agency Action - OCFS has investigated the \$214,593 in overpayments made to adoptive parents identified in our initial audit and has obtained restitution totaling \$259,358. The additional \$44,765 resulted from OCFS officials' analysis of the Department of Health (DOH) data that we obtained in our prior audit, which contained children's birth date and dates of death, against a more refined measure of subsidy payment periods from OCFS' Benefits Issuance and Control System (BICS). Restitution was obtained through reductions in future payments made to the localities where the overpayments occurred. To ensure that additional payments had not been made to the adoptive parents of these deceased children, we selected 10 of the 25 individuals and verified through a review of eligibility records that the respective adoptive parents are no longer receiving payments for these children.

Recommendation 2

Establish appropriate tools and techniques to periodically verify the accuracy of key eligibility data used to support subsidy payments.

Status - Partially Implemented

Agency Action - In response to our prior audit, OCFS officials contacted DOH and initiated an agreement to update the data match to compare children's date of death information on DOH records with OCFS children's eligibility and subsidy payment records. Although the agreement was in place, the actual comparison and data match was never performed. OCFS records indicate officials last contacted DOH on November 15, 2012 to get date of death information, but the data was never provided. OCFS officials told us the match was not completed due to staff shortages and other internal priorities and that they consider the effort to have been temporarily placed on hold. However, they remain hopeful this data match will eventually take place. At this point, OCFS needs to assess whether DOH can reliably assist in confirming children's date of death information or seek an alternate means of assuring subsidy payments do not continue to adoptive parents of deceased children.

OCFS has also made some progress in assuring subsidy payments are not made to children over 21 in New York City. In 2010, the New York City Administration for Children Services hired a consultant to validate children's birthdates by comparing OCFS eligibility records with New York City Department of Education records containing similar data. The comparison identified inappropriate payments made to adoptive parents of three children over 21. Although this review was useful, a onetime effort such as is not effective to ensure continued compliance. OCFS needs to develop a consistent approach whereby it can periodically validate birthdates of children receiving subsidies in New York City and all other counties in New York State.

Finally, to detect and avoid making one-time payments that exceed the \$2,000 maximum for nonrecurring adoption expenses, OCFS officials have instituted a process to examine monthly extracts of subsidy payments from BICS. We believe this examination process should be effective in identifying payments that exceed the \$2,000 limitation.

Major contributors to this report were Brian Lotz and Donald Collins.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of the Office of Children and Family Services for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Brian Reilly
Audit Manager

cc: Ralph Timber Office of Children and Family Services
Thomas Lukacs, Division of the Budget