



## DEPARTMENT OF HEALTH & HUMAN SERVICES

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ADMINISTRATION FOR CHILDREN AND FAMILIES  
Administration on Children, Youth and Families  
1250 Maryland Avenue, S.W.  
Washington, D.C. 20024

Ms. B.J. Walker, Commissioner  
Georgia Department of Human Resources  
Two Peachtree Street, NW Suite 29.250  
Atlanta, Georgia 30303-3142

Dear Ms. Walker:

This letter is in regard to Georgia's Child and Family Services Review (CFSR) Program Improvement Plan (PIP) and my decision to disallow **\$4,264,784** as a result of Georgia's failure to successfully complete all the requirements of its approved PIP.

The Administration for Children and Families (ACF), in collaboration with the Division of Family and Children Services (DFCS), conducted a CFSR of the State's child and family services programs during the week of July 16, 2001 to evaluate the seven outcomes and seven systemic factors enumerated in 45 CFR 1355.34. The review demonstrated that the State's child welfare program was not operating in substantial conformity with applicable Federal requirements in all seven outcome areas and three of the seven systemic factors. On October 10, 2001, ACF issued a final report of these findings to DFCS.

Pursuant to 45 CFR 1355.35, the State was required to develop a Program Improvement Plan addressing the items within each outcome measure and systemic factor that were determined not to be in substantial conformity during the review. DFCS developed its PIP and submitted it to ACF on January 30, 2002. After negotiations with Regional Office staff on several issues, the plan was resubmitted on June 26, 2002 and July 31, 2002. The final version was submitted on September 12, 2002. The PIP, with some revisions, was approved by ACF on October 1, 2002. For each item included in the Plan, several action steps were developed by DFCS, which, if successfully completed, would assist the State in achieving the applicable outcome or systemic factor. In addition, for each action step included in the PIP, Georgia set a benchmark by which progress could be measured and a date by which the benchmark would be reached.

The State had two years, until September 30, 2004, to implement the improvements it outlined in the Program Improvement Plan, and an additional year, until September 30, 2005, to demonstrate to ACF that it had successfully achieved all the goals included in its Plan. To complete its PIP, DFCS had to achieve the percentage goals it had set for improvements in the outcomes and items and accomplish the benchmarks it had set for each action step it included in the Plan.

During the PIP period, the State submitted quarterly progress reports to ACF along with documentation to support its claims that it had completed specific action steps and benchmarks. ACF provided detailed comments to DFCS on the quarterly reports and documentation clarifying what had been achieved by the State during the quarter, expectations for the next quarter's reports, suggestions and recommendations on documentation sources, status reports on the PIP, and other remarks to inform DFCS of what it needed to do to complete its PIP. At several points during the two-year implementation period, ACF agreed to renegotiate numerous aspects of the PIP in an effort to assist the State in addressing unforeseen barriers and to support successful completion of all PIP required activities. For example, ACF approved extension of timeframes, reduced percentages, changed strategies, and assisted the State with the development of different methods of measuring benchmarks. ACF also coordinated a variety of onsite technical assistance supports from the Regional Office and recommended technical assistance from the National Resource Centers throughout the program improvement period to assist the State. During the third year, ACF worked diligently to evaluate DFCS documentation to determine whether the State achieved the goals and objectives of its PIP.

As you were informed when the final CFSR report was issued on October 10, 2001, ACF suspended the withholding of funds associated with the seven outcomes and three systemic factors found not to be in substantial conformity for the period of time the State implemented its PIP. ACF has determined that the State has demonstrated successful completion of all PIP required activities by September 30, 2005, the close of the two year PIP implementation period, for the following: (1) Safety Outcome 1, (2) Safety Outcome 2, (3) Permanency Outcome 2, (4) Well-Being Outcome 2, (5) the Statewide Information System Systemic Factor, (6) the Service Array Systemic Factor, and (7) the Foster and Adoptive Home Licensing, Approval, and Recruitment Systemic Factor. Therefore, ACF is rescinding the penalty for these outcomes and systemic factors.

ACF has determined that DFCS was not able to complete 12 PIP required action steps resulting in the remaining outcomes: Permanency 1, Well-Being 1, and Well-Being 3, continuing to be out of substantial conformity. The enclosed matrix provides a summary of ACF's findings relevant to the penalty determinations for the three outstanding outcome areas.

ACF is required to assess a penalty, pursuant to 45 CFR 1355.36, if a State is unable to successfully complete its Program Improvement Plan. This letter constitutes the formal notice of disallowance of **\$4,264,784** in Federal Financial Participation (FFP) for title IV-B and title IV-E foster care administrative costs for the outcomes found to not have been completed. The penalty pool includes the State allotment of title IV-B funds for each of the years to which the withholding applies and an amount equivalent to ten percent of the State's Federal claims for title IV-E foster care administrative costs for each year funds are to be withheld as required by 45 CFR 1355.36(b)(4). The enclosed chart shows how

the amount of the disallowance was calculated. The penalty amount shown is an estimate through end of FY 06. It will be adjusted each year to reflect the most accurate amount based on State claims and adjustments to prior years. Please note that pursuant to 45 CFR 1355.36(e)(3), additional disallowances will be issued each year until Georgia is either found to be in substantial conformity at its next review, or successfully completes a PIP as a result of the succeeding review. The penalty amount will continue to be adjusted for two years after the State is found to be in substantial conformity or completes a subsequent PIP in order to capture the Title IV E claims adjustments. The State has two years to make adjustments to its claims and we expect to capture these in order to assess an accurate penalty.

Pursuant to 1355.36(e)(3), if ACF determines the State is in conformity on an outcome as a result of a second CFSR, the withholding of the one percent penalty will be terminated as of the end of the quarter in which such a determination is made. If, however, ACF determines as a result of a second CFSR that the nonconformity continues on an outcome, the one percent penalty will continue and the State will be required to enter into a second PIP. ACF will assess but suspend actual withholding of a penalty at the higher two percent level for the affected outcome that remains in nonconformity while the State implements its second PIP as required by 45 CFR 1355.36(b)(3) and (b)(7). The one percent penalty will continue to be withheld during the State's implementation of its second PIP according to 45 CFR 1355.36(b) (1).

Since the amount of disallowed funds was previously included in Federal payments made to the State, DFCS must repay these funds by check with Georgia funds that are not claimed for Federal reimbursement or used to satisfy any matching, cost sharing, and/or maintenance of effort requirement for any Federal program. DFCS must remit the total amount of the penalty to ACF by check payable to the U.S. Department of Health and Human Services within 30 days of the date of this correspondence in order to avoid the assessment of interest. I am also requesting that you forward the refund to the attention of James Colvin, State Grants Officer in the Regional Office. The Regional Office will assure that the amount of the penalty is processed properly on behalf of DFCS. Please enclose a copy of this letter and a brief transmittal that explains the purpose of the payment, DFCS Federal EIN (tax identification number), and the amount of the penalty when remitting the payment.

This is the final decision of the Administration for Children and Families. Under regulations at 45 CFR Part 16, you have the opportunity to appeal this decision to the Departmental Appeals Board (Board). This decision shall be the final decision of the ACF unless, within 60 days of the date of this letter, you deliver or mail (using registered or certified mail to establish the date) a written notice of appeal to:

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Department of Health and Human Services  
Departmental Appeals Board, MS 6127  
Appellate Division  
330 Independence Avenue, S.W.  
Cohen Building, Room G-644  
Washington, D.C. 20201

You must attach to the notice a copy of this decision, note that you intend to appeal, state the amount in dispute, and briefly state why you think this decision is wrong. A copy of your appeal should also be sent to my attention in the Regional Office. The Board will notify you of further procedures.

If you appeal, you may elect to repay the amount at issue pending a decision by the Departmental Appeals Board, or you may retain the funds pending that decision. If you retain the funds and the Board sustains all or part of the disallowance, interest will be charged, starting from the date of this letter, on the funds the Board decides were properly disallowed. Regulations at 45 CFR Part 30 explain how interest will be computed. The current interest rate is 12 5/8%.

In the event you choose to take no action to return the funds, it will be assumed you have elected to retain the funds either to appeal or to delay recoupment of the funds until the next issued grant award. Interest will continue to accrue on Federal funds retained by the State during this period.

Please contact Kunle Baoku, Children and Families Program Specialist at 404-562-2949 for questions regarding the Program Improvement Plan. Questions concerning the disallowance should be directed to Cindy Price-Hull, Financial Management Specialist, at 404-562-2902.

Sincerely,



Susan Orr, Ph.D.  
Associate Commissioner  
Children's Bureau

Enclosure

cc: Joan Ohl, Commissioner, Administration for Children, Youth and Families  
Diann Dawson, Director, Office of Regional Operations  
Joe Bock, Deputy Associate Commissioner, Children's Bureau  
Brent Orrell, Acting Director, Office of Public Affairs

