



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-12-0264

December 17, 2009

ARRA DCS ADOPTION ASSISTANCE 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 Adoption Assistance program<sup>1</sup> within the Department of Child Services (DCS).<sup>2</sup>

The Adoption Assistance program provides federal funding to compliant states to assist in the adoption of children with special needs.<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 Adoption Assistance program by the State Board of Accounts (SBOA) and the Office of the Inspector General (OIG).

## I

To date, DCS received a 6.20% increase to its regular Adoption Assistance Federal medical assistance percentage (FMAP) rate each quarter for the period October 1, 2008, to September 30, 2009, reducing the State's expenditures by \$5,106,550. The temporary increase to Adoption Assistance's FMAP rate will presumably continue each quarter through December 31, 2010, and the savings in State expenditures will be based on future Adoption Assistance 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 Adoption Assistance 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 issue addressed below, that the controls over the Adoption Assistance program ARRA funding are adequate to meet the respective federal ARRA and State OMB guidelines and requirements.

##### 2

We did find that the Adoption Assistance program has two unresolved federal A-133 findings from 2000: FSSA-1 Lack of and Improper Supporting Documentation and FSSA (DCS)-2 Overpayment of Adoption Assistance.

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

Adoption Assistance.

B

Recommendation

Accordingly, our single recommendation is that any future ARRA expenditures as addressed above be made through procedures approved by the SBOA.

Dated this 17th day of December, 2009.

APPROVED BY:



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David O. Thomas, Inspector General