

EXHIBIT R



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Instructions For Completing FORM ACF-IV-E-1 TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE FINANCIAL REPORT STATE QUARTERLY REPORT OF EXPENDITURES AND ESTIMATES

All States are required to complete and submit this report in accordance with these instructions on behalf of the State agency administering the Foster Care and Adoption Assistance Programs under title IV-E of the Social Security Act. The information collected is used to award funds, make budget estimates and reports to Congress on Federal fund requirements. All items of PARTS 1 and 2 must be completed and submitted quarterly by January 30, April 30, July 30 and October 30.

Policy regarding claims for expenditures will be interpreted under statute, regulations, action transmittals and policy issuances. These forms will not be regarded as superseding the interpretation of whether claims are allowable or unallowable under those documents.

Distribution: Mail the original (with original signatures) to:

Administration on Children, Youth and Families
Office of Management Services
330 C Street, S.W.
Washington, D.C. 20447

Send one copy of the [form](#) (Excel 43 KB) to the appropriate Regional official.

Round all entries to the nearest dollar. Enter State name and complete the information at the top of each Part. Include the appropriate Federal Medical Assistance Percentage (FMAP) rate as published in the Federal Register.

General Instructions for PART 1

All amounts reported in Columns (a), (b), (c), and (d) must be for actual expenditures made under the State's approved IV-E plan and in accordance with all applicable statutes and regulations. The expenditures must be for amounts for payments made on behalf of children determined eligible for title IV-E, or for administration, training and systems costs, claimed in accordance with methodologies in an approved or pending cost allocation plan, negotiated indirect cost rate or other required submission. All amounts reported in Columns (e) and (f) are for estimates of expenditures to be made during the time period indicated based on the best information available to the State.

Under Section 1130 of the Social Security Act, DHHS can authorize demonstration projects that involve the waiver of certain requirements of title IV-E. Within the Form ACF-IV-E-1 there are entries for authorized demonstration projects. Only costs that are for authorized demonstration projects should be reported.

Columns (a) & (b): CURRENT QUARTER EXPENDITURES. Include on Part 1 all amounts paid by the State or local government during the quarter indicated, even if the payment is applicable to a previous quarter, per the Federal regulations at 45 CFR 95.4 and 95.13(a), (b) and (d). Amounts which were paid prior to the current quarter and not previously claimed must be included in Columns (c) & (d), PRIOR QUARTER ADJUSTMENTS.

Columns (c) & (d): PRIOR QUARTER ADJUSTMENTS. This is the net amount combining individual increasing and decreasing adjustments for prior quarters. Increasing adjustments include any expenditures made by the State or local government during a prior quarter which were not reported on a previous submission of this report. Decreasing adjustments include any expenditures previously reported which are now being reduced. Any adjustment reported in this column must be detailed and separated into the increasing and decreasing components by completing PART 2, PRIOR QUARTER ADJUSTMENTS. Claims submitted with expenditures for prior quarter adjustments are subject to 45 CFR Subpart A.

Increasing adjustments must be claimed within two years

Column (e) & (f): NEXT QUARTER ESTIMATE. Include anticipated costs for the quarter indicated as NEXT QUARTER ENDING. The Total Federal share constitutes the State's request for Federal funds for title IV-E-Foster Care and Adoption Assistance

Previously, separate data reporting was required for non-voluntary and voluntary foster care based on legislative mandates. Due to changes in legislation there is no longer a need to collect information separately. Therefore, non-voluntary and voluntary reporting has been combined into one category for foster care

Detailed Instructions for PART 1

FOSTER CARE

Line 1: Enter the amount of maintenance assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Foster Care.

Line 2: Enter the Federal share of Child Support Collections collected during the quarter regardless of the quarter to which they apply. The amount in Column (b) must agree with the amount reported on Line 10, Column (b) for Foster Care on Form OCSE-34A for the same quarter.

Line 3: Enter the net amount of assistance payments Line 1 minus Line 2.

Line 4: Enter the average monthly number of children for whom the payments indicated on Line 1 were or will be made

Lines 5a-5e: Enter the amount for State and local administration expenditures, including State and local staff activities or activities contracted to private non-profit agencies. Enter amounts for the activity under the most specific of the sub-categories listed here. Refer to ACYF-PA-87-05 and 45 CFR 1356.60 for allowability of these costs

Line 5a: Enter the amount expended for children in Foster Care for the development, review or revision of case plans or the supervision or management of cases, including preparation for and participation in judicial proceedings and child placement

Line 5b: Enter the amount for pre-placement activities applicable to individual children clearly at risk of placement in title IV-E-Foster Care.

Line 5c: Enter the amount directly related only to eligibility determination activities for costs involved in the actual verification and documentation of eligibility, as defined in ACYF-PA-87-05.

Line 5d: Enter the amount of Statewide Automated Child Welfare Information System (SACWIS) operation costs. Refer to ACF Action Transmittal ACF-OSS-05.

Line 5e: Include the total computable amount for all other activities, such as rate setting, the appropriate share of automated data processing activities, recruitment and licensing of homes not specific to a child, the issuance of checks and other activities not listed in Lines 5(a) through 5(d)

Line 5f: Enter the total amount for State and Local Administration. The sum of Line 5a through Line 5e.

Line 6: Enter the amount for all SACWIS development costs. Refer to ACF Action Transmittal ACF-OSS-05

Line 7: Enter the total amount for State and local training eligible for 75% Federal financial participation

Line 8: Enter the amount for approved demonstration projects for Foster Care authorized under Section 1130 of the Social Security Act, excluding expenditures for Control/Comparison groups. From Part 4, Line 7(f).

Line 9: Enter the total amount for each column as indicated in the footnote.

Line 10: Enter the State share of the estimate, Line 9(e) minus 9(f).

ADOPTION ASSISTANCE

Line 1: Enter the total amount for assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Adoption Assistance

Line 2: Enter the average monthly number of children for whom the payments indicated on Line 1 were made. Do not enter children who are receiving Medical-only benefits.

Line 3: Enter the amount for State and local administration

Line 4: Enter the amount for State and local training eligible for 75% Federal financial participation.

Line 5: Enter the amount for approved demonstration projects for Adoption Assistance authorized under Section 1130 of the

Social Security Act, excluding expenditures for Control/Comparison groups from Part 4, Line 7(f).

Line 6. Enter the total amount for each column

Line 7. Enter the State share of the estimate, Line 6(e) minus 6(f).

SIGNATURE OF AUTHORIZING OFFICIAL

The form must be signed by an authorized official of the State agency certifying that: (a), the information provided on all PARTS of this form included in this submission and on all accompanying documents is accurate and true to the best of the official's knowledge and belief, and (b), the amount shown as the State share of expenditures on Line 10 for Foster Care and Line 7 for Adoption Assistance will be available to meet the non-Federal share of expenditures for the estimate quarter as prescribed by law

Increases or Decreases Greater than Five Percent

On an attached page, States must submit a detailed explanation of any increase or decrease greater than five percent for any data element of Part 1 compared to the same element for the previous quarter. The explanation should include but is not limited to details relating to changes in number of children or type of placement, number of staff or administrative activity, or number of trainees or type of training

General Instructions for PART 2: PRIOR QUARTER ADJUSTMENTS

Complete and attach as many PRIOR QUARTER ADJUSTMENT pages as necessary to report all prior quarter adjustments using the appropriate page for Foster Care or Adoption Assistance. Report all entries by funding activity (payments, administration, training, etc.). Report only one quarter per line and report separately any entry that refers to a separate line on PART 1, i.e., payments and administrative claims for the same quarter must be reported on separate lines of the adjustment page.

The net of the individual increasing and decreasing adjustments for each activity shall be entered as the net adjustments reported in Columns (c) and (d) on PART 1 for the appropriate line.

Enter the name of the State, the Current Quarter Ended, as entered on PART 1 and the page number if more than one adjustment page is submitted.

Detailed Instructions for PART 2: PRIOR QUARTER ADJUSTMENTS

Column (a). Enter the funding activity for the line of Column (c) and (d) of PART 1 to which the adjustment applies. A list of funding activities is shown at the bottom of PART 2 for Foster Care and Adoption Assistance.

Column (b). Enter the month and year of the end of the quarter to which the adjustment applies.

Column (c). Enter the total computable amount of the adjustment, regardless of the category of the adjustment.

Column (d). Enter the Federal share of the amount in Column (c) using the applicable FMAP rate for the fiscal year to which the adjustment applies, 50% for administration, 75% for training or the appropriate 75% or 50% rate for SACWIS costs.

Column (e). Enter the Federal audit control number, if available, or other comments as applicable. The audit control number greatly facilitates closing audits.

If the adjustment is for payments, include in Column (e), the average monthly number of children who have not been previously claimed for the quarter of the adjustment.

General Instructions for PART 3

Requirement, Due Dates: State agencies administering the Foster Care and Adoption Assistance Programs under title IV-E of the Social Security Act are required to complete and submit this PART of Form ACF-IV-E-1 semiannually by April 30 and October 30. Each report shall contain actual data or projections, as appropriate, for three consecutive Federal fiscal years. The first year of this three-year period will match the fiscal year being reported as "current quarter" in PART 1.; **the first year of this three-year period will be the same as the calendar year in which the report is being submitted.** For example, the reports submitted by April 30 and October 30, 2000 will contain budget projections for fiscal years 2000, 2001, and 2002. All references to "fiscal year" pertain to the Federal fiscal year of October 1 through September 30.

All entries INCLUDING LINE 2 should be in **total computable** amounts.

All of the Line headings on this PART (except Line 2) are the same as the lines for expenditures in PART 1.

Include in Lines 1-7 of Section A and Lines 1-4 of Section B the title IV-E-Foster Care or Adoption Assistance expenditures projected for Demonstration Projects from control/comparison groups used for determining the Cost Neutrality Limit.

Include in Line 8 of Section A and Line 5 of Section B the title IV-E-Foster Care expenditures, actual or projected, for the Demonstration Projects.

Detailed Instructions for PART 3

FOSTER CARE

Line 1: Enter the amount of maintenance assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Foster Care

Line 2: Enter the TOTAL COMPUTABLE Child Support Collections actually or estimated to be collected during the fiscal year regardless of the quarter and year to which they apply. The amounts must agree with the amounts forecast for Foster Care on Line 11 of PART 3 on Form OCSE-396A

Line 3: Enter the net amount of assistance payments. Line 1 minus Line 2.

Line 4: Enter the average monthly number of children for whom the payments indicated on Line 1 were or will be made

Lines 5a-5e: Enter the amount for State and local administration expenditures, including State and local staff activities or activities contracted to private non-profit agencies. Enter amounts for the activity under the most specific of the sub-categories listed here. Refer to 45 CFR 1356.60 and ACYF-PA-87-05 for allowability of these costs.

Line 5a: Enter the amount expended for children in foster care for the development, review or revision of case plans or the supervision or management of cases, including preparation for and participation in judicial proceedings and child placement.

Line 5b: Enter the amount for pre-placement activities applicable to individual children clearly at risk of placement in title IV-E-Foster Care, as defined in ACYF-PA-87-05.

Line 5c: Enter the amount directly related only to eligibility determination activities for costs involved in the actual verification and documentation of eligibility, as defined in ACYF-PA-87-05.

Line 5d: Enter the amount of operation costs for Statewide Automated Child Welfare Information System (SACWIS).

Line 5e: Enter the total computable amount for all other activities, such as rate setting, the appropriate share of automated data processing activities, recruitment and licensing of homes not specific to a child, the issuance of checks and other activities not listed in Lines 5(a) through 5(d) or in Line 6.

Line 5f: Enter the total amount for State and local Administration. This is the sum of Line 5a through Line 5e.

Line 6: Enter the amount for all SACWIS development costs

Line 7: Enter the total amount for State and local training

Line 8: Enter the total amount for approved demonstration projects for Foster Care authorized under Section 1130 of the Social Security Act.

ADOPTION ASSISTANCE

Line 1: Enter the total amount for assistance payments subject to Federal matching that are allowable under Federal law, regulation and policy for Adoption Assistance

Line 2: Enter the average monthly number of children for whom the payments indicated on Line 1 were made. Do not enter children who are receiving Medical-only benefits.

Line 3: Enter the amount for State and local administration

Line 4: Enter the amount for State and local training

Line 5: Enter the total amount for approved demonstration projects for Adoption Assistance authorized under Section 1130 of the Social Security Act

Instructions for completion of Form ACF-IV-E-1 Part 4 TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE DEMONSTRATION PROJECTS

General

This Part should be completed quarterly by any State with an approved title IV-E waiver demonstration. All entries should be made in accordance with the State's approved waiver demonstration terms and conditions. Particular attention should be given to sections B and C, which will require development and maintenance of State schedules to accumulate needed cost

data. In this context, states may wish to consider the need to develop specific demonstration fiscal operational procedures. These procedures, to the extent agreed to by ACF, will govern the calculation of reported amounts.

It will be necessary to begin using the Part 4 form prior to implementation of the demonstration since developmental costs and estimates of future quarterly expenditures are sought. It will be necessary to continue using Part 4 for a period after completion of the demonstration since evaluation costs may continue to be incurred (in accordance with the approved terms and conditions). Prior quarter adjustments may be reportable either for the demonstration cases or impact the demonstration through adjustment to amounts used in the cost neutrality formula.

Any State which has incurred demonstration expenditures in a quarter(s) prior to the issuance of the ACF IV-E-1 reporting form should enter cumulative data in sections B and C of Part 4 for the applicable demonstration period(s) on its first quarterly submission. States do not need to re-report previously submitted information using this form. This historical information should be combined with data for the quarter covered by the report. Technical assistance in the assembling of such documentation and the completion of Part 4 is available from ACF Regional Offices.

Amounts reported could be for either foster care or adoption assistance depending on which component of title IV-E has been waived. Should a State operate under waivers for both foster care and adoption assistance, costs for the two components must be reported separately on two forms. Each form should be checked to indicate whether foster care or adoption assistance components are reported.

Columns (a) through (e) should include actual expenditures only. Columns (f) and (g) should include the State's projection of anticipated costs for the next quarter.

Prior quarter adjustments (columns (c) and (d)) should be reported only for periods in which the applicable demonstration program was either operational or under development (for approved developmental costs only). Any amounts for periods prior to that date should be reported in Part 1 of form ACF-IV-E-1. All prior quarter adjustments for demonstration costs must also be identified in Part 2. Adjustments for demonstration experimental group costs must be identified as funding activity "FDE" for foster care or "ADE" for adoption assistance in Part 2, column I. Adjustments for control or comparison group costs must be claimed on Parts 1 and 2 of Form ACF-IV-E-1 and identified as such in the comments column, column (e), on Part 2. Each demonstration will have at least one control or comparison group established as part of the approved operational terms and conditions. This identification supports the appropriate calculation of the cost neutrality limit (CNL) for the overall demonstration program.

Detailed Instructions for Part 4

Section and Line No.

Section A - Quarterly Demonstration Costs

- 1. Experimental Group Operational Expenditures** - Amounts spent on behalf of children participating in the experimental group in any approved and operational title IV-E waiver demonstration project in the State. These costs may cover the items classified as title IV-E maintenance assistance in Section 475(4)(A) of the Social Security Act, administration or training in accordance with Federal regulations at 45 CFR 1356.60 and any additional items or revised eligibility criteria contained in the approved terms and conditions for the waiver demonstration.

Some demonstrations require only the identification of maintenance assistance or administrative costs associated with demonstration cases. In accordance with the approved waiver demonstration terms and conditions, maintenance assistance, administration and State & local training costs, where applicable, should be summed and included on this line. Any amount reported on this line should not be reported in Part 1, lines 1-7 for foster care or lines 1-4 for adoption assistance. These expenditures are to be used in the cost neutrality calculation.

Claims on this line should not include costs on behalf of children participating in the demonstration as part of a control or comparison group. Such amounts are demonstration expenditures, but are reported on line 2 and are utilized in Section B of this report for cost neutrality purposes.

- 2. Control/Comparison Group Operational Expenditures** - Amount of expenditure/estimate attributable to children assigned to the demonstration control/comparison group in accordance with the approved terms and conditions. This line includes all appropriate maintenance, administration and/or training costs in accordance with the approved terms & conditions. Any amount reported on this line should also be reported in Part 1, lines 1-7 for foster care or lines 1-4 for adoption assistance. The dual reporting is necessary since the underlying costs are connected to the demonstration, but remain subject to reimbursement in accordance with existing title IV-E law and policy (without application of any waivers). These expenditures are to be used in the cost-neutrality calculation.
- 3. Total Demonstration Operational Expenditures** - Total amount for operations connected with the waiver demonstration project. Equal to the sum of lines 1 & 2.
- 4. Developmental and Evaluation Costs** - Amount of expenditure/estimate associated with the development of the demonstration proposal and the performance of a project evaluation. This includes administrative and training amounts.

for activities undertaken before implementation of the demonstration project and for development and ongoing conduct of the evaluation, in accordance with the approved waiver terms and conditions and the State's approved developmental cost and evaluation plans. These demonstration costs and estimates are not subject to the cost-neutrality calculation

It should be noted that evaluation costs might extend for a period beyond the completion of the demonstration project. In this case, Part 4 must be completed to identify such costs even though there may be no other demonstration expenditures or need for a cost-neutrality calculation.

- 5 **Total Expenditures** - Total costs associated with the demonstration program. The amount reported is equal to the sum of lines 3 and 4. This amount shall not be used in calculating the amount reported on the ACF-IV-E-1 Part 1, line 8 for foster care or line 5 for adoption assistance. The amounts on line 9 should instead be used in calculating the reported amount (see instructions below) in Part 1. This step is necessary to limit the total Federal share in accordance with the cost-neutrality provision.
- 6 **State Share** - Amount of non-Federal funds applicable to line 5 that the State is certifying as available as matching funds to operate the demonstration

Section B - Cost-Neutrality Calculation

- 7a **Cumulative Experimental Group Cost Neutrality Limit (CNL)** - The amount to be entered in columns (e) and (g) (Federal share) should result from calculations in accordance with the approved terms and conditions on cost-neutrality contained in each State's waiver. This represents the maximum amount of Federal funding available through this reporting period for reimbursement of allowable experimental group demonstration project operational expenditures (column e) and future estimates (column g).

The calculation must utilize data on demonstration experimental and control/comparison groups quarterly costs as delineated respectively on lines 1 and 2 in this part as well, as cost data for any previous quarter(s) in which the demonstration project was operable. The State will also require information on the number of "cases" in both the experimental and the control/comparison groups. A separate spreadsheet identifying the State's CNL calculations should be maintained at the State agency as supporting documentation.

The column (g) amount should equal the column (e) amount plus the State's estimate of the additional CNL amounts projected for the subsequent quarter. If the State's approved demonstration terms and conditions provide for the option of "up-front" payments based upon estimates exceeding the cost-neutrality calculation by up to five percent, the amount entered in column g should include any portion of such additional funding authority sought by the State. If this option is elected, the State must attach figures showing the projected cost neutrality and the additional up-front funding sought along with a narrative explaining the basis for requesting the specified amount of funding in excess of the CNL. Any such funds approved will be subject to reconciliation based upon actual expenditures in accordance with the approved waiver terms and conditions.

- b **Cumulative Demonstration Experimental Group Operational Expenditures** - This amount consists of the total of line 1 above plus line 7b from the previous quarter's Demonstration Projects ACF-IV-E-1 - Part 4 report (appropriate column entries). The State must adjust this figure to exclude any expenditure amount not reimbursable due to its removal from the line 7f holding account (amounts in excess of the CNL) because of the expiration of the two-year filing limitation or any amount which is disallowed. If a disallowance action is appealed, the State should not reduce the line 7b total if it decides to retain the funds pending a decision. In addition, should the State prevail in the appeal, a further adjustment to this line may be necessary.

An adjustment may also be made in column g for any portion of a State's previous demonstration project estimate which was not funded through grant award authority. Where any such adjustments are made, states should maintain appropriate supporting work papers identifying the source and basis for the adjustment.

- c **Cumulative Demonstration Control/Comparison Group Operational Expenditures** Total of line 2 above plus line 7c from the previous quarter's Demonstration Projects ACF-IV-E-1 - Part 4 report.

- d **Expenditures in Excess of CNL** - Step 1: Line 7b minus line 7a. Amounts should be treated as zero (0) if the result is a negative number. A positive number should be recorded as calculated. Step 2: Subtract (from the Step 1 result) any line 7d entries from the previous quarter's Demonstration Projects ACF-IV-E-1 - Part 4 report. The final result of these steps (including negative amounts) is entered in column (e) and (g) of this line.

- e **Total Quarterly Reimbursable Expenditures/Estimates** - Amounts should initially be reported in column (e) and (g) only. The amount entered is equal to line 5 minus line 7d. This is the maximum amount of the reported costs subject to Federal funding as of the date reported. If these expenditure/estimate amounts match the

amounts reported in the equivalent columns on line 5, the remaining line 7e columns should be completed by copying data from line 5. If, however, there is a difference between lines 5 and 7e, the line 7e total Federal share expenditure amount should then be apportioned between current and prior quarter amounts in accordance with the relative percentages attributable to each category on line 5, columns b and d. The amounts entered in the total computable columns (columns a, c & f) are to be calculated by dividing the Federal share amount (columns b, d & f) by the calculated rate of Federal financial participation (FFP). The calculated FFP rate is equal to the line 5 Federal share amount in the same column divided by the associated total computable column (e.g., col b/col a).

- f. **Remaining Current & Prior Expenditures (Holding Account)** - An entry is required only in column e. The amount reported is equal to the line 7d (current report) plus line 7f from the previous quarter's Demonstration Projects fiscal report minus any adjustments. Adjustments can result from either a determination that an amount is no longer reimbursable or a movement of holding account amounts to line 8d (expenditure of available savings). When demonstration project savings are generated, the State should consider using these funds as reimbursement of holding account expenditures. State supporting work papers should be maintained to demonstrate the results of this analysis of the holding account amount each quarter.

Amounts should not ordinarily remain in the holding account beyond the last quarter during which the associated waiver demonstration project is operational in accordance with the approved terms and conditions. The holding account entry may continue to be reported for several quarters after the completion of the demonstration operations if the State intends to report prior quarter adjustments to demonstration expenditures. Federal regulations at 45 CFR 95.7, however, impose time constraints for the reporting of increasing adjustment claims. Any amounts pending beyond this limit should be removed from the holding account as no longer subject to reimbursement.

Section C - Savings/Expenditure Calculation

- 8a. **Cumulative Savings Realized** - (Line 7a minus line 7b) This amount should be reported in column e. An entry of zero (0) should be made unless the result is a positive number.
- b. **Cumulative Savings Previously Expended** - Line 8e from the previous quarter's Demonstration Projects ACF-IV-E-1, Part 4 report.
- c. **Total Savings Available for Expenditure** - (Line 8a minus line 8b) Amount of savings remaining available for expenditure during the life of the demonstration project.
- d. **Quarterly Expenditure of Available Savings** - The amount of available savings (line 8c) either expended this quarter for otherwise not claimed title IV-B/IV-E eligible activities or the portion of the holding account expenditures (line 7f) applied against savings. The appropriate level of State match should be used for all expenditures of available demonstration project savings.
- If holding account amounts are included, an appropriate deduction to line 7g should appear on the next quarterly Demonstration Projects fiscal report. The State should maintain supporting work papers establishing how all amounts were expended.
- e. **Cumulative Expenditure of Savings** - (Line 8b plus line 8d) - This amount identifies the portion of ever-earned savings expended to date.

Section D - Quarterly Claim/Estimate

9. **Total** - Enter the amount from line 7e minus the amount on line 2 plus the amount on line 8d. Control/comparison group expenditures must be deducted from the amount on line 7e to avoid a duplicative claim. All control/comparison group expenditures must be claimed on Part 1, lines 1-7 for foster care or 1-4 for adoption assistance. The line 8d amount is added to provide funding for qualifying expenditures of earned savings. The entries on line 9 should be transferred to Part 1, line 8 for foster care or line 5 for adoption assistance.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Administration for Children and Families

TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE FINANCIAL REPORT
PART 1 : QUARTERLY REPORT OF EXPENDITURES AND ESTIMATES

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)
 Public reporting burden for this collection of information is estimated to average 40 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

CATEGORY	CURRENT QUARTER ENDED:			NEXT QUARTER ENDING:		
	Current Quarter Expenditures		Prior Quarter Adjustments	Next Quarter Estimate		New (N) or Revised (R):
	(a) Total Computable	(b) Federal Share *		(c) Total Computable	(d) Federal Share	
FMAP Rate:						
1. Maintenance Assistance Payments						
2. Fed. share Child Support Collections						
3. Net Assistance Payments (1 minus 2)						
4. Avg. Monthly No. of Children						
5. State and Local Administration:						
a. Case Planning & Management						
b. Pre-placement Activities						
c. Eligibility Determinations						
d. SACWIS - Operation costs						
e. Other Administration						
f. Total State and Local Administration (a+b+c+d+e)						
6. SACWIS - Development costs						
7. State and Local Training						
8. Demonstration Projects						
9. Total **						

10. State share of next quarter Foster Care estimate [Line 9(e) minus 9(f)] ...

*The Federal share percentage of total computable for payments is the FMAP rate, administration is 50%, SACWIS is 50% and training is 75%.

**For Line 9, Col. (a), (c), (d) & (e) = Lines 1+5(f) +6+7+8. Col. (b) & (f) = Lines 3+5(f)+6+7+8.

**TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE FINANCIAL REPORT
PART 1: QUARTERLY REPORT OF EXPENDITURES AND ESTIMATES**

STATE:	CURRENT QUARTER ENDED:		NEXT QUARTER ENDING:		New (N) or Revised (R):	
	(a) Total Computable	(b) Federal Share *	(c) Total Computable	(d) Federal Share		(e) Total Computable
CATEGORY	Current Quarter Expenditures		Prior Quarter Adjustments		Next Quarter Estimate	
ADOPTION ASSISTANCE	FMAP Rate:					
1. Adoption Assistance Payments						
2. Avg. Monthly No. of Children						
3. State and Local Administration						
4. State and Local Training						
5. Demonstration Projects						
6. Total (Lines 1+3+4+5)						

7. State share of next quarter Adoption Assistance estimate [Line 6(e) minus 6(f)] ...

*The Federal share percentage of total computable for payments is the FMAP rate, administration is 50% and training is 75%.

This is to certify that all information reported on all parts of this form is accurate and true to the best of my knowledge and belief. This also certifies that the State's share of next quarter estimate reported in Part 1 for Foster Care and Adoption Assistance is or will be available to meet the non-Federal share of expenditures as required by law.

Signature of Approving Official _____ Date _____
 Typed Name, Title, Agency Name _____

Send completed form to:

DHHS, ACF, ACYF
Office of Management Services
330 C Street, S.W.
Washington, D. C. 20447

Send a copy to your Regional Office

EXHIBIT S

RC03: Therapeutic Crisis Intervention
Residential Child Care Project, Cornell University

BREAKDOWN OF COURSES EXPENSES

	TxT	Updates	IAB	VP&AR	SPR
PERSONNEL	\$111,023	\$71,049	\$44,414	\$38,663	\$0
FRINGE	\$42,522	\$27,212	\$17,011	\$14,808	\$0
CASUAL EMPLOYEES	\$9,750	\$9,750	\$0	\$6,500	\$0
FRINGE	\$3,734	\$3,734	\$0	\$2,490	\$0
AV EQUIPMENT	\$6,450	\$4,080	\$3,000	\$0	\$660
EASEL PADS	\$150	\$240	\$75	\$0	\$0
PADS/PENCILS	\$85	\$160	\$45	\$0	\$0
EVAL SUPPLIES	\$680	\$1,280	\$360	\$0	\$0
STAFF TRAVEL	\$12,097	\$10,445	\$13,546	\$42,542	\$0
CONFERENCE TRAVEL	\$1,830	\$3,172	\$1,098	\$0	\$0
CONSULTANT FEE and TRAVEL	\$0	\$4,250	\$6,375	\$0	\$25,000
PRINTING	\$12,750	\$6,400	\$1,350	\$3,000	\$0
POSTAGE/SHIPPING	\$3,000	\$5,200	\$1,800	\$0	\$0
REPRODUCTION OF TCI VIDEO	\$7,650	\$0	\$0	\$0	\$0
BOOKS/JOURNALS	\$980	\$627	\$392	\$0	\$0
REPRINT PERMISSION	\$368	\$235	\$147	\$0	\$0
TRAINING SPACE RENTAL	\$24,625	\$14,800	\$8,500	\$0	\$2,575
TRAINEE COSTS	\$64,766	\$0	\$0	\$0	\$0
SUBTOTAL	\$302,461	\$162,635	\$98,113	\$108,003	\$28,235
FACILITIES & ADMINISTRATIVE COSTS	\$178,452	\$95,954	\$57,887	\$63,722	\$16,659
ADMINISTRATION	\$60,830	\$38,928	\$24,334	\$11,030	\$2,758
GRAND TOTAL	\$541,743	\$297,517	\$180,334	\$182,755	\$47,651

ADMINISTRATION	
PERSONNEL+TEMP	\$34,951
ASSOCIATED FRINGE	\$13,386
EQUIPMENT	\$6,800
FAX LEASE	\$450
OFFICE SUPPLIES	\$1,155
SOFTWARE	\$1,000
OFFICE FURNITURE	\$1,900
ADMINISTRATIVE STAFF TRAVEL	\$238
OTHER COSTS	\$0
NETWORK COSTS	\$2,930
PHONE	\$11,052
PHOTOCOPY	\$8,500
OFFICE RENT ITHACA	\$0
EQUIP REPAIR, MAINTENANCE, & INSURANCE	\$1,000
GENERAL OUTSIDE SERVICES	\$3,355
SUBTOTAL	\$86,718
FACILITIES & ADMINISTRATIVE COSTS	\$51,163
TOTAL ADMINISTRATION	\$137,880

CHART I

Personnel	\$ 111,023
Fringe	42,522
Casual Employees	9,750
Fringe	3,734
AV Equipment	6,450
Easel Pads	150
Pads/Pencils	85
Eval Supplies	680
Staff Travel	12,097
Conference Travel	1,830
Consultant Fee and Travel	0
Printing	12,750
Postage/Shipping	3,000
Reproduction of TCI video	7,650
Books/Journals	980
Reprint Permission	368
Training Space Rental	24,625
Trainee Costs	64,766
Subtotal	302,461
Facilities & Administrative Costs (Total) ¹	178,452
Administration	60,830
Grand Total	\$ 541,743

¹ This amount (\$178,452) is 59% of Cornell's stated "Subtotal" of its incurred "expenses" (\$302,461). This corresponds to Cornell's negotiated "Facilities & Administrative" ("indirect" or "F&A") cost rate for on-campus direct costs. However, all TxI training, as well as the whole panoply of programs in Cornell's CPSII training program -- whether provided through the agreement with OCFS or directly to other clients -- is conducted off campus, and Cornell is thus unlawfully using this 59% F&A rate, as described in ¶¶ 193-202, *infra*.

CHART II

Personnel	\$ 111,023
Fringe	42,522
Casual Employees	9,750
Fringe	3,734
AV Equipment*	6,450
Easel Pads*	150
Pads/Pencils	85
Eval Supplies	680
Staff Travel*	12,097
Conference Travel*	1,830
Consultant Fee and Travel	0
Printing	12,750
Postage/Shipping	3,000
Reproduction of TCI video	7,650
Books/Journals	980
Reprint Permission	368
Training Space Rental*	24,625
Trainee Costs*	64,766
Sub-Total	302,461
Facilities & Administrative Costs (Total)	178,452
Administration	60,830
Grand Total	\$ 541,743

Adjustment of TxT expenses

Deduct Total of "Starred" Expenses \$ 109,918
 (Starred (*) expenses -- those borne directly by a
 non-OCFS Cornell client, as per Cornell's brochure
 -- are deducted from the Sub-Total of Training
 Expenses)

Deduct proportionately reduced total of "Starred"
 Expenses as F&A costs¹ \$ 64,851

Grand Total of Adjusted TxT expenses \$ 366,974

Per-Day Adjusted TxT expenses² \$ 7,339

¹ That is, 59% of the total Starred Expenses (\$109,918).

² Cornell has indicated that there were a total of 50 training days of the TxI program in 2004, thus the Grand Total of Adjusted expenses above is divided by 50 to obtain the per-day cost of \$7339.

EXHIBIT T

**DIGEST OF DECISIONS AFFECTING DEFENDANT OCFS BY DEPARTMENT OF
HEALTH AND HUMAN SERVICES, DEPARTMENTAL APPEALS BOARD ("DAB")
APPELLATE DIVISION ("DAB DECISION"). THEY ARE IN REVERSE
CHRONOLOGICAL ORDER**

1. In DAB Decision 1701, August 25, 1999, the DAB affirmed HHS's Division of Cost Allocation's (DCA) disallowance of certain administrative activities in OCFS's Cost Allocation Plan (CAP) as not eligible for reimbursement under Title IV-E. The disallowed activities involved non-client contact social services such as preparing written reports following or preceding the provision of social services in the field. The activities were deemed not allowable because they involved the delivery of social services and also because they are neither listed in the regulations as an allowable IV-E activity nor are they "closely related" to a listed activity. (As the decision dealt with an instruction to OCFS to amend its Cost Allocation Plan prospectively, no dollar amount was attributed in the DAB decision to the prospective disallowed costs.)

2. In DAB Decision 1666, July 22, 1998, the DAB affirmed ACF's disallowance of certain indirect costs incurred by outside training contractors that were claimed by OCFS under Title IV-E at 75% FFP. ACF determined the cost pools used to calculate the indirect costs rates contained elements unrelated to training that were not reimbursable as training in accordance with 45 C.F.R. § 235.64, but were instead administrative expenditures that were reimbursable at 50% FFP. (No monetary amount was attributed to the disallowance in the DAB decision)

3. In DAB Decision 1649, February 23, 1998, the DAB affirmed ACF's disallowance of \$76,766,042 in Federal reimbursement claims for Federal funds under Title IV-E for administrative expenses of case workers' pre-placement protective services for children. The disallowance was affirmed, based on DAB Decisions 1428 and 1630.

4. In DAB Decision 1630, September 18, 1997, the DAB affirmed disallowances for the cost of administrative activities of caseworkers who provided pre-placement protective and preventive services, in the total amount of \$109,933,706. This decision followed DAB 1428.

5. In DAB Decision 1503, December 21, 1994, the DAB affirmed ACF's disallowance of OCFS's claims for \$86,093,309 in Federal funds under IV-E. The claims involved administrative costs incurred for protective services to provided the children for whom there was reasonable cause to suspect abuse or mistreatment. The disallowance was affirmed based on DAB Decision 1428.

6. In DAB Decision 1485, July 21, 1994, the DAB affirmed ACF's disallowance of \$101,094,142 in claims by OCFS for Federal funds under IV-E. The claims were for foster care maintenance payments for children found not to be eligible under IV-E.

7. In DAB Decision 1470, March 23, 1994, the DAB affirmed the disallowance of \$136,768,669 in claims for Federal funds under Title IV-E. OCFS claimed administrative costs for protective

services pursuant to a proposed amended cost allocation plan (CAP). This decision was based on DAB Decision 1428.

8. In DAB Decision 1442, October 1, 1993, the DAB affirmed ACF's disallowance of \$47,427,952 in claims for Federal funds under Title IV-E. The claims were for administrative costs for protective services provided. This decision was also based on DAB Decision 1428.

9. In DAB 1428, July 21, 1993, the DAB affirmed ACF's disallowance of four categories of activities performed by Child Protective Services workers. The total of the disallowance is not calculable from the DAB decision, which disallowed four out of ten categories of costs. The DAB's decision was affirmed on April 1, 1998 by the United States District Court for the Southern District of New York, 1998 WL 150955 (S.D.N.Y. 1998).

EXHIBIT U

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA)
ex rel., GEORGE J. DENONCOURT,)
)
 Plaintiff,)
)
 v.)
)
 STATE OF NEW YORK, et al.)
)
 Defendants)

Civil No. 92-2808 PF

FILED

DEC 27 1994

Filed Under Seal

CLERK U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

STIPULATION OF SETTLEMENT AND DISMISSAL OF CLAIMS INVOLVING STATE
OF NEW YORK, AND ORDER

Plaintiff the United States of America ("United States"),
Qui Tam Plaintiff George Denoncourt, and defendants the State of
 New York, the New York State, Department of Social Services
 (NYSDDS), the Office of Human Resource Development (OHRD), the
 State University of New York (SUNY) at Albany, SUNY Brockport,
 SUNY Central Administration, The Research Foundation of SUNY, the
 State University Colleges at Buffalo (SUC Buffalo), the City
 University of New York, and NYSDSS employees Robert Donahue,
 Robert Hagstrom, Carol Polnak, Carol DeCosmo and Will Zwink
 (collectively referred to herein as the "State of New York"),
 hereby stipulate and agree that, subject to the approval of the
 Court, the following action should be taken in this matter:

The United States shall be permitted to intervene in this
 action for the further limited purpose of resolving its claims
 against the State of New York, and hereby does so intervene:

The United States' claims against the State of New York
 described in the attached Settlement Agreement and Release, and
 Mr. Denoncourt's claims described in the Settlement Agreement and

Release, shall be resolved on the terms set forth in that Settlement Agreement and Release;

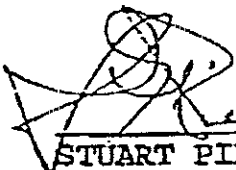
The Court shall have jurisdiction over the parties to enforce the terms of the Settlement Agreement and Release;

The claims of the United States and Mr. Denoncourt against the State of New York asserted in Claim One of the Complaint in this action are hereby dismissed;

The seal of this action shall be further lifted to the extent necessary for the United States and the State of New York to comply with their policies and procedures for notifying the public of settlements;

In all other respects, the seal in this action shall remain in effect until April 30, 1995, to allow the United States to continue its investigation of the remaining defendants, and attempt to resolve claims where appropriate.

Respectfully submitted,



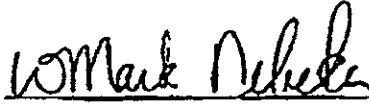
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Department of Social Services,
Office of Human
Resource Development, Robert
Donahue, Carol Polnak, Will
Zwink, Carol DeCosmo, Robert
Hagstrom, State University of
New York (SUNY) at Albany,
SUNY Brockport, the State
University Colleges
at Buffalo, SUNY Central
Administration, and the City
University of New York.

James R. Dennehey

JAMES R. DENNEHEY, ESQ.
General Counsel
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The Research Foundation
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(202) 307-0264

Counsel for Defendant The
Research Foundation of
State University of New York

SO ORDERED:

DATE: Dec. 27, 1994

Gladys Kesler
UNITED STATES DISTRICT JUDGE

FILED

DEC 27 1994

SETTLEMENT AGREEMENT AND RELEASE

Parties

CLERK, U.S. DISTRICT CO
DISTRICT OF COLUMBIA

This Settlement Agreement and Release ("Agreement") is made this 20th day of December, 1994, among the United States of America ("United States"), acting through the Department of Justice and the Office of Inspector General and the Division of Cost Allocation of the Department of Health & Human Services, and the State of New York, acting through the State Attorney General, the Department of Social Services, and the General Counsel of The Research Foundation of State University of New York, and George Denoncourt (collectively referred to herein as "the Parties"). The State of New York as used herein is intended by the Parties to encompass the following entities and persons: the State of New York, the New York State Department of Social Services (NYSOSS), the Office of Human Resource Development (OHRD) of NYSDSS, the State University of New York (SUNY) at Albany, SUNY Brockport, SUNY Central Administration, The Research Foundation of SUNY, the State University Colleges at Buffalo (SUC Buffalo), the City University of New York (CUNY), and NYSDSS employees Robert Donahue, Robert Hagstrom, Carol Polnak, Carol DeCosmo and Will Zwink.

Recitals

1. WHEREAS, the Civil Division of the United States Department of Justice (DOJ), with the Office of U.S. Attorney for the District of Columbia, and the Office of Audit Services and Office of Investigations of the Office of Inspector General of the Department of Health & Human Services,

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investigating allegations that NYSDSS knowingly submitted false claims in order to obtain federal funds made available under the Social Security Act for the training of social service workers, and thereby violated the civil False Claims Act, 31 U.S.C. § 3729 et seq.;

2. WHEREAS, DOJ also has been investigating allegations that SUNY and its components and agents, and CUNY at Queens, Law Center, knowingly submitted false claims, and caused the submission of false claims, in order to obtain federal funds made available under the Social Security Act for the training of social service workers, and thereby violated the civil False Claims Act, 31 U.S.C. § 3729 et seq.;

3. WHEREAS, the United States has alleged that NYSDSS knowingly has made false statements and submitted false claims for federal funds as a result of the following conduct: (i) failing to credit training fees collected from private providers and administrative fees charged private contractors against training costs charged to the federal government, in knowing violation of federal regulations, from 1983 through June 30, 1994; (ii) using third party in-kind contributions for the state share of training expenditures, in knowing violation of federal regulations and policies, from 1983 through June 30, 1994; (iii) knowingly using federal training funds to finance the salaries and related costs of personnel hired under training contracts who worked on-site at NYSDSS and performed non-training functions, through September 30, 1994; (iv) using federal training funds

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Camp Liberty during the 1989-1990 state fiscal year, in knowing violation of the law; (v) knowingly submitting claims for federal funds based upon unallowable, unsubstantiated and/or inflated (a) private training contractor costs during the period 1983 through June 30, 1994, through methods that included, but were not limited to, the extension and/or modification of contracts, unsubstantiated indirect cost rates, rental and user fees for equipment owned by the contractor, and "market value" charges for consultants that exceeded actual costs; (b) SUC Buffalo salaried personnel, equipment and consultant training costs during the period covering January 1, 1986 through December 31, 1993, and (c) CUNY training costs during the period October 1, 1989 through September 30, 1992; and (vi) failing to allocate training costs to benefitting state programs, in knowing violation of federal regulations;

4. WHEREAS, the United States has alleged that (i) SUNY Albany, SUC Buffalo and the Research Foundation of SUNY knowingly have caused the submission of false claims for federal funds as a result of the knowing submission of claims under training contracts with NYSDSS, and the Memorandum of Understanding between the Research Foundation of State University of New York and NYSDSS ("MOU"), for expenditures for personnel working on-site at NYSDSS who performed non-training functions, and (ii) SUC Buffalo and the Research Foundation of SUNY knowingly have caused the submission of false claims under the MOU for salaried personnel, equipment and consultant

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1, 1986 through December 31, 1993 period that did not benefit the training contract;

5. WHEREAS, the United States has alleged that CUNY knowingly has caused the submission of false claims for federal funds by knowingly submitting claims for inflated, unallowable or unsubstantiated training costs under Contract No. C-003732 during the October 1, 1989 through September 30, 1992 period;

6. WHEREAS, DOJ's investigation also has concerned (i) NYSDSS's failure to credit training fees collected from local districts, and revenue from the sale of training material, against training costs charged to the federal government; and (ii) allegations that OHRD employees engaged in "bid-rigging" or other improper conduct with respect to the procurement of the 1990-1991 "MAPPER Contract" for computer training.

7. WHEREAS, on December 14, 1992, George Denoncourt filed a Complaint under the qui tam provisions of the False Claims Act, 31 U.S.C. § 3730(b), captioned United States ex rel. Denoncourt v. New York State Department of Social Services et al., Civil Action No. 92-2808 (D.D.C.), that named, among others, the State of New York, NYSDSS, OHRD, SUNY Albany, SUNY Brockport, SUNY (Central Administration) and Research Foundation, SUC Buffalo, CUNY, Robert Donahue, Robert Hagstrom, Carol Polnak, Carol DeCosmo and Will Zwink as defendants, and alleged that these entities and persons have submitted false claims, or caused the submission of false claims, for federal funds available for the

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in violation of the False Claims Act, and whereas Mr. Denoncourt amended that Complaint by a First Amended Complaint and a Proposed Second Amended Complaint (hereinafter these three complaints are collectively referred to as "the Complaint");

8. WHEREAS, the State of New York does not admit the truth or validity of any of the allegations set forth in Paragraphs 1 through 7 above, or of any of the allegations in the Complaint, First Amended Complaint or Second Amended Complaint in the action captioned United States ex rel. Denoncourt v. New York State Department of Social Services, et al., Civil Action No. 92-2808 (D.D.C.), nor does the State of New York admit that any of the alleged actions of the State of New York constitute violations of the False Claims Act. Neither this agreement nor any provision of this agreement may be cited or interpreted as an admission or acknowledgement by the State of New York of the validity of any of the allegations set forth in Paragraphs 1 through 7 above, or any of the allegations in the above-referenced action.

9. WHEREAS, the United States, the State of New York and George Denoncourt are desirous of a final negotiated settlement and compromise of all claims of the United States and George Denoncourt against the State of New York under the False Claims Act, 31 U.S.C. §§ 3729 et seq., under the common law of fraud, deceit, unjust enrichment, contract or payment by mistake of fact, or under any other statute creating causes of action for civil damages or civil penalties, and all actions by HHS to disallow as Federal financial participation claims by the State

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of New York, for the alleged conduct described in Paragraphs 3, 4 and 5, with the exception of the allegation in clause (vi) in Paragraph 3, above, concerning NYSDSS's failure to allocate training costs to benefitting state programs in knowing violation of federal regulations;

10. WHEREAS, the United States, the State of New York and George Denoncourt are desirous of a final negotiated settlement of any and all claims of the United States against the State of New York under the False Claims Act or the common law of fraud for (i) NYSDSS's failure to credit local district training fees and revenue from the sale of training material against expenditures charged to the federal government; (ii) allegations that OHRD employees engaged in "bid-rigging" or other improper conduct with respect to the procurement of the 1990-1991 "MAPPER Contract" for computer training; and (iii) NYSDSS's alleged failure to allocate training costs to benefitting state programs in knowing violation of federal regulations.

11. WHEREAS, the United States and George Denoncourt are desirous of a final negotiated settlement and compromise of any and all claims of George Denoncourt against the United States under 31 U.S.C. § 3730(d) arising from Mr. Denoncourt's claims against the State of New York set forth in Claim One of the Complaint described in Paragraph 7, above.

12. WHEREAS, the State of New York and George Denoncourt are desirous of a final negotiated settlement and compromise of any and all claims of Mr. Denoncourt asserted on behalf of the

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United States against the State of New York under 31 U.S.C. § 3730(b) in Claim One of the Complaint described in Paragraph 7, above;

NOW THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants and obligations in this Agreement, and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

Terms of Agreement

13. In settlement and compromise of any and all claims of the United States and Mr. Denoncourt against the State of New York described in Paragraphs 9 and 10, above, the State of New York agrees to pay \$26.97 million to the United States as follows:

On or before December 27, 1994, counsel for the State of New York will deliver a check in the amount of \$26.97 million made out to the order of the Treasurer of the United States, to the following:

Michael Hertz, Director
Attn: Shelley Slade
Commercial Litigation Branch
Civil Division
U.S. Department of Justice
10th St. and Constitution Ave., N.W.,
Rm. 3720
Washington, D.C. 20530

14. Contingent upon the United States receiving the payment from the State of New York set forth in Paragraph 13, and in settlement and compromise of any and all claims of Mr. Denoncourt against the United States described in Paragraph 11, above, the

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United States agrees to pay \$4.05 million to George Denoncourt, as follows:

As soon as feasible after receiving the payment described in Paragraph 13, the United States will make an electronic transfer for George Denoncourt in the amount of \$4.05 million to DAVIS WRIGHT TREMAINE, Attn: Alma Clark, Seattle First National Bank, 4th & Madison, Seattle, WA. 98101, ABA No. 125000024, Account No. 50033414, Client No. 31596.

15. In settlement and compromise of any and all claims of the United States described in Paragraphs 9 and 10, above, the State of New York further agrees not to engage in certain practices underlying the United States' fraud claims, as follows:

a. Beginning in 1995, NYSDSS will no longer enter into contracts that provide, and NYSDSS will not otherwise request or require, that private training contractors contribute the state match of training expenses through in-kind contributions. Any and all amendments made in and after 1995 to contracts with private training contractors will eliminate the requirement of a contractor in-kind contribution of the state match.

b. Beginning with the July to September 1994 quarter, and for all quarters thereafter, for training contracts with private entities, NYSDSS will claim federal reimbursement by multiplying the applicable federal financial participating (FFP) rate for the various programs by the actual payments made by NYSDSS to the private training entities. Thus, for example, if NYSDSS pays a private contractor \$1000 in a

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under Title IV-A, which has a 50% FFP rate, the State of New York will claim \$500 from the federal government, or 50% of the actual payment to the contractor.

c. NYSDSS need not comply with the requirements in subparagraphs (a) and (b) above for a particular subtitle of the Social Security Act, if future amendments to that subtitle, or future judicial decisions, HHS Departmental Appeals Board (DAB) decisions, HHS policy interpretation questions (PIQs), HHS action transmittals, or other written HHS policy statements addressed to states, expressly permit states to use in-kind contributions from private training contractors for the state match of training expenses, without the need for advance approval. In addition, NYSDSS need not comply with subparagraphs (a) and (b) above for a particular subtitle of the Social Security Act, if HHS provides advance approval for the State to use in-kind contributions from private training contractors for claims made under that subtitle. Such approval must expressly reference the State's intent to use in-kind contributions from private training contractors for the state match, the regulatory provision authorizing HHS's approval of the practice, and the subtitle of the Social Security Act under which the practice will be allowed.

d. Beginning with the July to September 1994 quarter, and for all quarters thereafter, NYSDSS agrees to deduct any and all fees paid by private entities for training from the training costs for which the State claims federal financial participation in accordance with 45 C.F.R. § 74.42(c), unless the State

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receives advance, written approval from the applicable HHS program operating divisions to use the income from private provider training fees in the manner described in 45 C.F.R. § 74.42(d) or (e). Such written approval must specifically reference NYSDSS's income from fees paid by private entities for training, and must specifically identify the use(s) that NYSDSS may make of such income, and the subsection(s) of 45 C.F.R. § 74.42 authorizing HHS to approve such use(s).

e. Beginning with the July to September 1994 quarter, and for all quarters thereafter, in accordance with 45 C.F.R. § 74.42(c), NYSDSS agrees to deduct any and all administrative fees collected from private training contractors from the administrative costs of the NYSDSS entity responsible for administering training contracts, before allocating and charging such costs to federal and state funding sources, unless the State receives advance, written approval from the applicable HHS program operating divisions to use the income from private training contractor administrative fees in the manner described in 45 C.F.R. § 74.42(d) or (e). Such written approval must specifically reference NYSDSS's income from private training contractor administrative fees, and must specifically identify the use(s) that NYSDSS may make of such income, and the subsection(s) of 45 C.F.R. § 74.42 authorizing HHS's approval of such use(s).

f. NYSDSS need not comply with subparagraphs (d) and (e) above if future amendments to the Social Security Act, or future

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judicial decisions, HHS Departmental Appeals Board (DAB) decisions, HHS policy interpretation questions (PIQs), HHS action transmittals, or other written HHS policy statements addressed to states, allow the State to use program income for something other than the deduction alternative currently described in 45 C.F.R. § 74.42(c), without the need for permission under the grant. In such case, NYSDSS must treat administrative fees paid by private contractors, and fees paid by private entities for training, as program income according to the new requirements governing same.

g. Beginning with the October to December 1994 quarter, and for all quarters thereafter, NYSDSS will claim FFP at the rates applicable to training activities only where such costs reflect only the development of curricula, instruction and other activities eligible for reimbursement at the FFP rates applicable to training pursuant to any provisions or statements thereon found in the Social Security Act, HHS's regulations, judicial decisions, HHS DAB decisions, HHS PIQs, HHS action transmittals, and other HHS written policy statements addressed to states.

h. To the extent that this Paragraph imposes obligations on the State of New York that exceed the State of New York's obligations under the law, the State of New York will not be obliged to comply with this Paragraph after December 31, 2001.

i. Nothing in this Paragraph is intended to, or shall be interpreted by the Parties, to authorize the State of New York to violate the Social Security Act, HHS's regulations, judicial decisions, HHS DAB decisions, HHS PIQs, HHS action transmittals.

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other HES written policy statements addressed to states, or other federal law.

j. The State of New York agrees to pay the United States treble damages in the event it knowingly resumes a practice in violation of the agreements set forth in this Paragraph. Damages shall be computed by assessing the fiscal impact on the federal government of the State of New York's knowing continuation of the practice or practices in question. The words "knowingly" and "knowing" used in this Paragraph shall be defined in accordance with 31 U.S.C. § 3729(b). The parties do not intend this Paragraph to cover isolated instances in which the State of New York inadvertently, and without deliberate ignorance or reckless disregard of the effect of its actions, violates one of the agreements set forth in this Paragraph.

16. It is agreed that all costs (as defined in the Federal Acquisition Regulations (FAR) 31.205-47) incurred by or on behalf of the State of New York and its officers, directors, agents and employees in connection with (i) the matters covered by this Settlement Agreement, (ii) the federal government's audit and investigation of the matters covered by this Settlement Agreement, (iii) the State of New York's investigation, defense of the matter, and any corrective actions, (iv) the negotiation of this Settlement Agreement, and (v) the payments made to the United States, to Davis Wright Tremaine, and to Mr. Denoncourt pursuant to this Settlement Agreement shall be unallowable costs for federal government reimbursement purposes, and shall not be

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included in claims submitted to the federal government. These amounts shall be separately accounted for by the State of New York by identification of costs incurred: 1) through accounting records to the extent that is possible; 2) through memorandum records including diaries and informal logs, regardless of whether such records are part of official documentation, where accounting records are not available; and 3) through itemized estimates where no other accounting basis is available. If any such amounts have been included in claims submitted to HHS, NYSDSS, on its quarterly expenditure report for the October to December 1994 period, will make corresponding downward adjustments so that HHS is reimbursed in full for such amounts.

At the time that it makes these adjustments, the State of New York agrees to submit to HHS's Division of Cost Allocation a written report with the following information:

- a. the identification of all NYSDSS functions or activities that have incurred costs of the type described in this Paragraph;
- b. the identification of all NYSDSS functions or activities identified in response to (a) that have claimed, or will make claims under federal programs, for costs of the type described in this Paragraph;
- c. for those functions or activities identified in response to (a) that the State of New York notes will not make claims under federal programs for costs of the

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type described in this Paragraph, the bases for the State's conclusions;

- d. for those functions or activities identified in response to (b), the methods and/or procedures used by the State of New York to determine the required adjustments for each unit, including the time period of the adjustment covered for each unit; and
- e. identification of the procedures in place to ensure that any future costs of the type described in this Paragraph will not be claimed from the federal government.

17. Contingent upon the United States receiving the payment set forth in Paragraph 13, above, the United States and George Denoncourt hereby release the State of New York from the claims described in Paragraphs 9 and 10, above. Contingent upon the United States receiving the payment set forth in Paragraph 13, above, Mr. Denoncourt hereby releases the State of New York from all claims that he asserts on behalf of the United States in Claim One of the Complaint described in Paragraph 7. The United States expressly reserves and does not waive any and all claims at common law other than the common law of fraud, and any and all claims under statutes other than the False Claims Act, for (i) NYSOSS's failure to credit local district training fees and revenue from the sale of training material against expenditures charged to the federal government; (ii) allegations that OHRD employees engaged in "bid-rigging" or other

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respect to the procurement of the 1990-1991 "MAPPER Contract" for computer training; and (iii) NYSDSS's alleged failure to allocate training costs to benefitting state programs, in knowing violation of federal regulations. Further, unless expressly released in the first sentence of this Paragraph, the United States expressly reserves and does not waive all other claims under the False Claims Act, or under other statutes or the common law, if any, for statements and claims made by the State of New York and its contractors. Mr. Denoncourt expressly reserves and does not waive the claims in Claims Two and Three of the Second Amended Complaint.

18. Contingent upon Mr. Denoncourt receiving the \$4.05 million payment set forth in Paragraph 14, above, Mr. Denoncourt hereby releases the United States from any claims he has or may have under 31 U.S.C. § 3730(d) arising from Mr. Denoncourt's claims against the State of New York set forth in Claim One of the Complaint described in Paragraph 7, above.

19. The United States and Mr. Denoncourt agree that the releases granted by Mr. Denoncourt herein do not bar Mr. Denoncourt from asserting claims for a share of any recoveries by the United States from defendants in the qui tam action besides the State of New York. Further, Mr. Denoncourt hereby reserves the right to take the position in the future that he is entitled to more than 15% of any recoveries by the United States from persons other than the State of New York. The United States hereby reserves the right to take the position in the future

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Mr. Denoncourt is entitled to less than 15% of any such recoveries.

20. On the same day that this Settlement Agreement is executed by the State of New York, the State of New York, including The Research Foundation of the State University of New York, agrees to have its counsel sign the Stipulation at Attachment A, which would dismiss the United States' claims against the various entities and persons defined herein as "the State of New York" that are asserted in Claim One of the action described in Paragraph 7, above. On or before December 27, 1994, and contingent upon the State of New York making the payment called for by Paragraph 13, the United States and Mr. Denoncourt agree to have their counsel sign the Stipulation. Contingent upon the performance of the other agreements in this Paragraph, the United States agrees to file the Stipulation with the Court on or before December 30, 1994.

21. The settling parties are the sole intended beneficiaries of this agreement, and all rights not expressly released are reserved.

UNITED STATES OF AMERICA

Dated: December 20, 1994

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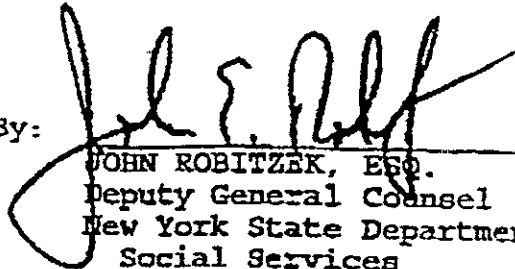
THE STATE OF NEW YORK

Dated: 12/20/94

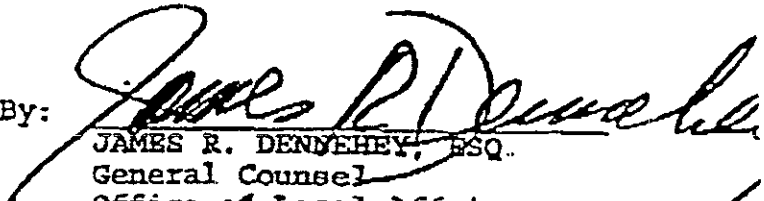
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EXHIBIT V

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF TRAINING CONTRACT
PRACTICES AT THE NEW YORK
DEPARTMENT OF SOCIAL SERVICES**



JUNE GIBBS BROWN
Inspector General

FEBRUARY 1996
A-02-93-02006

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ABBREVIATIONS

DOJ	Department of Justice
NYSDSS	New York State Department of Social Services
OIG	Office of Inspector General
ASMB	Assistant Secretary for Management and Budget
HCFA	Health Care Financing Administration
ACF	Administration for Children and Families
OHRD	Office of Human Resource Development
FFP	Federal financial participation
AFDC	Aid to Families with Dependent Children
SSI	Supplemental Security Income
USDA	Department of Agriculture
SUNY	State University of New York
RFSUNY	Research Foundation of State University of New York
SUC	State University College
CUNY	City University of New York
HHS	Department of Health and Human Services
DCA	Division of Cost Allocation
CIN	Common Identification Number
NYS	New York State
LDTF	Local District Training Fee
OCFAA	Office of Civil Fraud and Administrative Adjudication
OI	Office of Investigations
OMB	Office of Management and Budget
CFR	Code of Federal Regulations
RFCUNY	Research Foundation of City University of New York

EXECUTIVE SUMMARY

This report contains the results of our review to assist the Department of Justice (DOJ) in its investigation of training contract costs claimed by the New York State Department of Social Services (NYSDSS) in the period April 1, 1983 through June 30, 1994. The objective of the joint review was to determine if there

On December 14, 1992, a former NYSDSS employee filed a qui tam suit alleging NYSDSS submitted false claims to the Federal Government.

was any validity to allegations that were made by a former NYSDSS employee in an action filed on December 14, 1992 under the qui tam provisions of the False Claims Act. In the qui tam suit, the former employee alleged that NYSDSS submitted false claims to the Federal Government for programs established by the Social Security Act and other Federal statutes. Two of the allegations included in the suit related to issues which had previously been reviewed and reported on in two prior audit reports issued by the Office of Inspector General (OIG).

As part of the review, OIG concluded that NYSDSS and several components of the State University of New York overbilled the Federal programs for the training of social service workers. Specifically, the review disclosed that NYSDSS:

- o Used third party in-kind contributions from private contractors, from April 1, 1983 to June 30, 1994, to meet the State's share of training expenditures.
- o Failed to credit administrative fees, collected from private training contractors in the period April 1, 1983 through June 30, 1994, against training costs charged to the Federal Government.
- o Included unallowable costs relating to the operation of a children's summer camp in the training contract costs it submitted to the Federal Government during 1989 and 1990.
- o Failed to offset the training costs charged to the Federal Government for training fees paid by private agencies for the period September 1, 1989 through June 30, 1994.

The review also disclosed that:

- o The State University College at Buffalo, the Research Foundation of State University of New York, and the City University of New York submitted inflated claims, in the period January 1, 1986 through December 31, 1993, under training contracts awarded by NYSDSS. And, NYSDSS passed on the inflated claims for reimbursement to the Federal Government

- o The NYSDSS and several components of the State University, for the period January 1, 1984 through June 30, 1993, used Federal training funds to finance the salaries and related costs of personnel hired under training contracts who performed nontraining functions.

On December 20, 1994, the State of New York signed a settlement agreement with DOJ, the OIG, and the Division of Cost Allocation. In return for a cash payment of \$26,970,000, the Federal agencies settled the above cited issues. In addition to the cash payment, the State further agreed to: review its expenditure report for the quarter July 1, 1994 through September 30, 1994 and exclude similar costs which may have been included; amend its current procedures to ensure that any future costs of the type described will not be claimed; and not claim any legal or administrative costs incurred by New York State in its own investigation of the allegations contained in this suit or in the settlement of these matters.

On December 20, 1994, NYSDSS settled the qui tam suit in return for a cash refund of almost \$27 million.

Since the improper training contract practices found in the joint review of NYSDSS may also exist in varying degrees in other States, we recommend that the Assistant Secretary for Management and Budget (ASMB) alert the Department of Agriculture and Social Security Administration to the conditions found in this review. We are alerting the Health Care Financing Administration (HCFA) and the Administration for Children and Families (ACF) to these conditions. Further, we recommend that ASMB coordinate the efforts of the involved entities to ensure the States' compliance with regulations that cover the allocation and claiming of training contracts. Lastly, we recommend that ASMB also coordinate efforts by the involved entities to review future training expenditures claimed by NYSDSS, on a periodic basis, to ensure that it continues to adhere to the terms of its settlement agreement with DOJ.

In responding to our draft audit report (Appendix D), ASMB concurred with our findings and recommendations and agreed with our concerns that comparable conditions may also exist in varying degrees in other States. Accordingly, ASMB agreed to take quick action to ensure compliance with the our three recommendations.

The HCFA and ACF also responded to our draft report (Appendixes E and F) and indicated general concurrence with our findings and recommendations.

INTRODUCTION

Background

The New York State Department of Social Services (NYSDSS) has the responsibility for training Social Services personnel so that they will have the skill, knowledge, and proficiency to meet the stated objectives of the various Federal programs that it administers. This training encompasses both NYSDSS staff and staff of the local social services districts.

The NYSDSS conducts these activities through its Office of Human Resource Development (OHRD). This office oversees and coordinates the necessary functions to satisfy the NYSDSS' training goals. The OHRD provides direct liaison with all program areas (local, State, Federal), identifies training needs, and arranges for training resources to meet these needs. Additionally, it ensures that State and local staff are trained in management and administrative skills; maintains a recordkeeping system for all training; awards and administers training contracts; manages the Materials Resource Center and NYSDSS library; and develops appropriate evaluation systems for internal and external training activities.

While many training needs are met through internal resources, a substantial amount of training is provided through contracts with educational institutions, consultants, and other independent contractors and organizations.

A substantial portion of training is provided through contracts awarded to educational institutions and independent contractors and organizations.

Virtually all of the training contract costs incurred by NYSDSS were charged to Federal programs. During the period covered by the joint review, these Federal programs and their Federal financial participation (FFP) percentages for training, as contained in the applicable titles of the Social Security Act, were as follows:

- o IV-A - AFDC Income Maintenance (FFP 50%)
- o IV-D - Child Support Enforcement (FFP 64.85% to 70%)
- o IV-E - Foster Care and Adoption (FFP 75%)
- o XVI - SSI Disability Determination (FFP 100%)
- o XIX - Medical Assistance (FFP 50%, 75%, 90%)
- o XX - Social Services (Block Grant) (FFP 100%)

Training contract costs were also charged to the Food Stamp program, administered by the Department of Agriculture (USDA) (FFP 50%, 75%).

Training contract costs that are incurred at the State level are claimed through NYSDSS' Central Office Cost Allocation Plan. At the local level, costs that are incurred are claimed in accordance with the NYSDSS Manual Bulletin Transmittal 143b

The training contract costs were charged directly to programs, and the administrative costs incurred by OHRD were allocated to programs based on the dollar value of the training contracts. Currently, NYSDSS issues approximately 180 contracts each year with a value of about \$44 million. The NYSDSS also incurs approximately \$3.4 million annually for administrative costs.

In December 1992, a former employee of NYSDSS filed a Complaint under the qui tam provisions of the False Claims Act. The Complaint named, among others, the State of New York, NYSDSS, OHRD, State University of New York (SUNY) Albany, SUNY Brockport, SUNY (Central Administration), Research Foundation of State University of New York (RFSUNY), State University College at Buffalo (SUC Buffalo), City University of New York (CUNY), and five NYSDSS OHRD employees as defendants. The Complaint alleged that the named entities and persons had submitted false claims, or caused the submission of false claims, for Federal funds available for training of social service workers under the Social Security Act in violation of the False Claims Act. Specifically, the former employee alleged in the Complaint that:

- o The training contractors would, at the encouragement of State officials, inflate their budgets and vouchers submitted for reimbursement, and the State would pass on the inflated amounts in claims to the Federal Government.
- o The training contractors paid NYSDSS an administrative fee of 5 percent to cover administrative costs. This fee represented 5 percent of the total value of the contract. This fee was improperly passed on to the Federal Government by inflating the vouchers submitted by the training contractors.
- o The NYSDSS would receive income such as fees collected from trainees, the sale of training materials, and donations and sale of copyrights. This revenue was not properly credited to the Federal Government as required.
- o To facilitate the training cost inflation scheme and the related scheme concerning the administrative fee, State officials conspired with contractors who would participate in the inflation of budgets and vouchers to assure that only cooperating contractors would receive contracts.
- o Contractors would receive contract extensions and budget modifications to permit expenditure of all budgeted funds even after the training services had been delivered
- o Lastly, by operating the schemes described above, NYSDSS submitted false and fictitious claims to the Federal Government.

Prior to the initiation of the Department of Justice (DOJ) investigation, the Office of Inspector General (OIG) issued two final audit reports on issues relating to training costs claimed by NYSDSS in the period April 1, 1987 through March 31, 1991.

Prior to the initiation of the DOJ investigation, OIG issued final audit reports which related to issues included in the qui tam suit.

Our earlier reviews were performed at the request of the Department of Health and Human Services (HHS), Division of Cost Allocation (DCA). In our two prior audits, we partially examined two issues which related to the allegations included in the qui tam suit. Specifically, we reviewed NYSDSS use of third party contributions to satisfy the State's share of training costs and the 5 percent fee NYSDSS charged to training contractors.

In our two earlier audit reports (CIN: A-02-91-02002 dated July 1, 1992 and CIN: A-02-92-02007 dated November 9, 1993), we recommended financial adjustments totaling \$6.0 million (\$3.9 million Federal share) relating to third party in-kind contributions and the 5 percent fee. The findings included in our earlier reports which related to these two issues were resolved in the settlement of the qui tam suit, and our prior recommended Federal share adjustments of \$3.9 million were included in the refund of \$26,970,000.

Scope of Review

In our current review we expanded our previous review of third party in-kind contributions and the 5 percent administrative fee to cover such costs that were claimed during the period April 1, 1983 through June 30, 1994. Further, we reviewed additional issues related to training fees by private agencies and allegations related to inflated claims submitted by several components of SUNY and other contractors.

The primary objective of our review was to lend assistance to DOJ in its review of the validity of the allegations included in the qui tam suit filed by the former NYSDSS employee in December 1992. In order to accomplish our objective, we:

- Participated in meetings held with the former employee and his attorney to discuss the allegations included in the suit and the documents which were submitted by the former employee in support of his allegations.
- Met with representatives from the New York State (NYS) Office of Inspector General and discussed and reviewed working papers relating to an earlier review performed by that office of certain aspects of OHRD's training contract practices.
- Met with NYSDSS' internal auditors to discuss their prior internal audit reviews of OHRD and a number of training contractors.

The OIG lent assistance to the DOJ investigation.

We also obtained copies of portions of their audit working paper files for follow on work by our staff.

- Held discussions with representatives from RFSUNY regarding allegations raised by a former employee of SUC Buffalo. We examined working papers related to an internal review which was made of the allegations and copied portions of the working papers for follow on work.
- Audited the total amount of training contract costs that were claimed by NYSDSS during the period 1983 through 1993. This included analyzing both the charging instructions for all training contracts and NYSDSS' methodology for allocating contract and administrative costs to benefiting programs.
- Audited the Training Management and Evaluation Fund, the Local District Training Fee (LDTF) special revenue account, and analyzed NYSDSS' procedure for using third party contributions as its share of training costs.
- Examined the propriety of OHRD's administrative costs and training expenditures claimed under contracts NYSDSS awarded to eight private and four public contractors. We provided narrative summaries of findings and related recommendations to DOJ.
- Participated with OIG's Office of Investigations (OI), Office of Civil Fraud and Administrative Adjudication (OCFAA), and DOJ in interviews with and depositions of training contractor personnel and current and former NYSDSS employees. We assisted OI, OCFAA, and DOJ in seeking evidence from contractors and State officials.
- Determined whether the Federal Government received proper credit for refunds and reimbursements from contractors.
- Held discussions with cognizant NYS and Federal officials regarding training policies, procedures, and regulations.
- Calculated the single damages for seven issues raised in the civil fraud investigation which covered the period April 1, 1983 through June 30, 1994. The seven issues included:
 1. Unallowable costs resulting from private in-kind contributions or donations of the State match from 1983 through June 30, 1994.
 2. Unallowable costs resulting from the 5 percent administrative fees collected from private contractors for the period 1983 through June 30, 1994.

3. Unallowable costs resulting from the failure to credit training fees revenue received from provider agencies to the Federal Government from September 1, 1989 through June 30, 1994.
 4. Unallowable costs resulting from the hiring of on-site contract staff for the period January 1, 1984 through June 30, 1993, expressed both as an absolute dollar figure and as a percentage of all federally reimbursed contract expenditures associated with on-site contract staff.
 5. Unallowable costs related to RFSUNY's internal review of SUC Buffalo.
 6. Unallowable costs resulting from the improper claiming of a special summer program entitled, "Project Liberty."
 7. Unallowable costs resulting from the improper claiming of direct and indirect costs for a training contract awarded to CUNY.
- Calculated the audit and investigative costs of the joint review incurred by HHS and DOJ. We also calculated an estimate of the interest income earned by NYSDSS through its short term investment pool on costs which were overbilled to the Federal Government.

Our review was conducted in accordance with generally accepted governmental auditing standards, except for certain financial projections calculated at the request of DOJ that would not fully satisfy these standards. A review of NYSDSS' internal control structure was performed as part of our two earlier audit reviews, and our related comments on internal controls are contained in our earlier issued audit reports. We did not expand on our earlier examination of NYSDSS internal control structure since the primary objective of this review was to determine the validity of the allegations included in the qui tam suit. Our audit field work was performed primarily at NYSDSS and RFSUNY in Albany, New York during the period January 1991 to November 1994.

FINDINGS AND RECOMMENDATIONS

Based on a audit review and investigation of the allegations contained in the former NYSDSS employee's qui tam suit, we concluded that NYSDSS submitted false claims in order to obtain Federal funds made available under the Social Security Act for the training of social service

workers. The review team found seven areas which implicated the civil False Claim Act. The seven areas are discussed below.

The OIG concluded NYSDSS made false claims to the Federal Government.

Third Party In-Kind Contributions

The training contracts awarded by NYSDSS in the period April 1, 1983 to June 30, 1994 included provisions which required training contractors to cost share on the average 12 to 33 percent of the costs of the training provided. To illustrate, if a contractor was awarded a \$100,000 contract to provide training to social service employees, and the terms of the contract required the contractor to cost share 25 percent, then NYSDSS would only be required to reimburse the contractor \$75,000. The NYSDSS referred to the required cost sharing provisions included in its contract awards as "third party in-kind contributions." In the above example, the contractor would bill NYSDSS for \$100,000 of its incurred costs. And, although NYSDSS would only reimburse the contractor \$75,000, NYSDSS would include \$100,000 of contractor costs in its claim submitted to the Federal Government. The NYSDSS explained this practice by claiming that its contractors were voluntarily contributing to the State's share of training social service employees. In the above example, the contractor was expected to absorb the remaining \$25,000 of costs incurred. However, as will be discussed below, this did not occur.

In two prior OIG audits of NYSDSS training activities (CIN: A-02-91-02002 and CIN: A-02-92-02007), we found that NYSDSS was using the training contractors' in-kind contributions to meet the State's share of training costs claimed under titles IV-A, IV-D, IV-E, and XIX.

This practice was not in compliance with Federal regulations and program directives with regard to the cost sharing provided by private contractors (i.e., contractors which were not an agency of the State such as SUNY). Consequently, in our two earlier reports, which covered the period April 1, 1987 through March 31, 1991, we recommended adjustments totaling approximately \$4.6 million (Federal share \$3.0 million). The amount recommended for adjustment represented all the cost sharing expenses provided by private contractors which NYSDSS had claimed to meet its share of training costs in the period we had audited. In our earlier reviews, we did not recommend adjustments to the cost sharing

The NYSDSS used training contractor in-kind contributions to meet its share of training costs.

provided by public contractors because they were not third parties. They were State entities which were generally able to document the cost sharing by claiming indirect costs computed at rates which were less than those negotiated with DCA.

As part of our joint review with DOJ, we examined the propriety of training expenditures which were claimed under contracts that NYSDSS awarded to eight private and four public (State and City University campuses) contractors.

We determined that NYSDSS allowed contractors to inflate their claimed training expenditures in order to recover the cost sharing expenses which were allegedly incurred. Training contractors advised us that NYSDSS employees told them there were various "methods" they could use to recover their true costs and thus contract with NYSDSS without "losing money." We found that private contractors inflated their costs to cover required cost sharing in a variety of ways. Several examples of the various inflation methods employed by contractors follow:

The NYSDSS allowed training contractors to inflate costs to cover their cost sharing requirement.

- o Allocating more than 100 percent of actual personnel and fringe benefit costs to training contracts.
- o Claiming duplicate costs. Contractors would claim the same training costs on two contracts with overlapping performance periods.
- o Claiming rental and user rates for equipment owned.
- o Claiming undocumented costs. For example, contractors claimed "in-house" publication costs for which no documentation existed.
- o Claiming an inflated value for consultants who were paid less. Also, contractors claimed indirect and fringe benefit costs at inflated rates or at rates which could not be documented.

Based upon additional work performed, we concluded that private training contractors did not actually incur any of the cost sharing expenses which NYSDSS claimed in the period April 1, 1983 through June 30, 1994. As a result, NYSDSS was asked to refund \$9,873,944 (Federal share \$6,557,082) it had claimed under the titles IV-A, IV-D, IV-E, and XIX programs during that period. For a breakdown of this amount by Federal program, see Appendix A. The NYSDSS discontinued using third party contributions provided by private contractors to meet its share of training costs effective July 1, 1994.

As of July 1, 1994, NYSDSS discontinued the practice of using private contractor in-kind contributions to meet its share of training costs.

The NYSDSS settled this issue on December 20, 1994 (see Appendix B - Copy of Settlement Agreement) and paid double damages of \$13,114,164 to the Federal Government.

Administrative Fee

In addition to the amounts paid by NYSDSS to the contractors, the training contracts awarded by NYSDSS in the period April 1, 1993 to June 30, 1994 also included a provision which required training contractors to pay NYSDSS a fee to cover the State's share of administrative costs. The fee was assessed at 5 percent of the total contract amount. To illustrate, if a contractor provided training to social service employees at a cost of \$100,000, the terms of the contract awarded by NYSDSS required the contractor to pay NYSDSS a fee of \$5,000 (\$100,000 x 5 percent).

In our two previous audits (CIN: A-02-91-02002 and CIN: A-02-92-02007), which covered the period April 1, 1987 through March 31, 1991, we determined that NYSDSS did not treat the 5 percent fee charged to private contractors as an applicable credit in accordance with Office of Management and Budget (OMB) Circular No. A-87. Consequently, we recommended adjustments totaling \$1.4 million (Federal share \$881,658). Further, we recommended that in the future NYSDSS apply the 5 percent fee as an applicable credit to the total OHRD administrative costs prior to claiming for Federal share.

The NYSDSS did not apply the 5 percent administrative fee assessed to training contractors as a credit to Federal programs.

As part of our joint review with DOJ, we examined training expenses claimed on selected contracts. We determined that NYSDSS encouraged contractors to inflate their claimed training expenditures in order to recover the 5 percent administrative fee which they were assessed. Training contractors advised us that NYSDSS employees told them to use the same methods as described for "Third Party In-Kind Contributions" to recover the fee.

Based upon additional work performed, we concluded that private contractors inflated their training expenditures to cover their 5 percent fees in the period April 1, 1983 through

The OIG concluded private contractors inflated claims to cover the 5 percent fee.

June 30, 1994. As a result, NYSDSS improperly claimed \$3,678,454 and received Federal funds of \$2,249,474 in that period. For a breakdown of this amount by Federal program, see Appendix A. The NYSDSS corrected the application of the 5 percent fee received from private contractors effective July 1, 1994.

The NYSDSS settled this issue (See Appendix B - Copy of Settlement Agreement) and paid \$4,064,336 to the Federal Government. This amount was based on a multiplier of 1.81 percent of single damages that was voluntarily agreed to as part of the settlement.

Project Liberty

The NYSDSS awarded contract No. C-002763 to Hudson Valley Community College (a component of SUNY) in March 1988. Under the terms of this contract, SUNY was to provide general management and systems training intended to enhance the job skills of NYSDSS employees. The period of performance of the originally issued contract agreement was from April 1, 1988 to May 31, 1989, and the costs for providing the training were initially estimated to be \$449,258. Before the original contract term expired in May 1989, NYSDSS extended the period of performance to March 31, 1990, increased the estimated cost by \$335,270, and amended this contract to include the operation of a program titled, "Project Liberty." By amending this existing contract, NYSDSS was able to bypass the formal request for proposal and bid process and award the project to this contractor.

The NYSDSS charged all the expenditures relating to "Project Liberty" to the Federal Government as training expenses in Fiscal Year 1990. Based on our review, we determined that "Project Liberty" was begun as a summer residential program for disadvantaged youth and later was

expanded as an academic program throughout the school year. We concluded that the expenses relating to "Project Liberty" were not related to the training of social service employees and NYSDSS improperly claimed \$251,243 and improperly received \$136,465 in Federal funds for the "Project Liberty" program.

Project Liberty was not related to training, and all costs were improperly claimed.

The NYSDSS did not dispute our conclusion and settled this issue by paying double damages of \$272,930 to the Federal Government (see Appendix B - Copy of Settlement Agreement). For a breakdown of this amount by Federal program, see Appendix A.

State University College at Buffalo

Our review disclosed that training contracts awarded to RFSUNY by NYSDSS were being audited by RFSUNY's internal audit group. Specifically, RFSUNY's internal auditors were examining six NYSDSS contracts awarded to SUC Buffalo during the period October 1985 through December 1993. The objective of the internal audit review was to address written complaints from a former SUC Buffalo employee concerning improper practices on training contracts awarded by NYSDSS. The results of RFSUNY's internal review were provided to us.

We tested the reliability of the internal auditors' working papers and determined that we could rely on the audit work they performed. The internal auditors found a number of problems with costs that SUC Buffalo had charged directly to the NYSDSS training contracts. To illustrate,

the internal auditors identified 15 SUC Buffalo janitorial and custodial employees who were improperly classified as clerical staff. The salary and related costs of the 15 employees were charged as training expenses on the contracts. The internal auditors also found 36 other SUC Buffalo employees who were not performing training functions. Yet, their salaries and related expenses were also claimed on the training contracts.

Salary and related costs for janitors and custodians were claimed as training expenses.

Also, RFSUNY internal auditors found that seven equipment items charged to the NYSDSS training contracts could not be located, and 35 other items acquired with training contract funds were not used for training purposes. The internal auditors also noted that 17 of the 35 items were physically located at sites other than on the SUC Buffalo campus.

Equipment acquired with training contract funds was not used for training purposes.

We calculated that RFSUNY erroneously claimed \$742,390 for salaries and related fringe benefit and indirect costs and \$63,867 for equipment costs under the NYSDSS training contracts performed by the SUC Buffalo campus. Additionally, we concluded that RFSUNY had improperly received \$529,327 in Federal funds as a result of its erroneous claims. For a breakdown of this amount by Federal program, see Appendix A.

The NYSDSS settled this issue (see Appendix B - Copy of Settlement Agreement) and paid double damages of \$1,058,654 to the Federal Government.

Private Provider Training Fees

The NYSDSS charged provider agencies a fee for their staff to attend training sessions. The revenue received from the training fees was deposited into the LDIF special revenue account, and was not reported to the Federal Government. Instead, NYSDSS used the fees to pay for its share of the training contract costs that were claimed under Social Security titles IV-A, IV-D, IV-E, IV-F, XVI, XIX, and XX as well as title 7, U.S. Code, during the period September 1, 1989 through June 30, 1994.

The NYSDSS advised us that it considered the fees collected from provider agencies to be program income as defined in OMB Circular No. A-102, Attachment E. Further, NYSDSS advised that section E.5 of Circular No. A-102 permitted it to use the program income to finance the State's share of the training contract costs incurred.

Our review of section E.5 indicated that NYSDSS was allowed to use the revenue received from training fees to finance the State's share of training contract costs only if it had obtained the prior approval of the Federal sponsoring agencies, which it had not. Moreover, the regulations contained in 45 CFR 74.42 provide that the fees must be used to offset costs unless the Federal granting agency had approved the use of the fees either to meet cost-sharing requirements of the program or for costs which were in addition to the allowable costs of the program.

We discussed this issue with representatives of the Administration for Children and Families (ACF). The ACF advised us that it had not approved or permitted NYSDSS to use provider agency fees to finance the nonfederal share of the allowable costs of the programs. It was ACF's position that the provider agency training fees collected by NYSDSS should therefore be used as an offset to the total allowable costs to determine the net allowable costs on which the State may then make its claim in accordance with the appropriate Federal share rate.

The NYSDSS' use of provider agency fees to finance the nonfederal share of program costs was not approved by ACF.

In addition to determining that NYSDSS had not complied with applicable regulatory criteria, the investigation revealed that NYSDSS deliberately failed to notify Federal sponsoring agencies of the revenue collected from provider agencies. It was evident that NYSDSS disregarded program income regulations. Accordingly, NYSDSS erroneously claimed \$1,120,154 and improperly received Federal funds of \$500,569 for the period September 1, 1989 through June 30, 1994. For a breakdown of this amount by Federal program, see Appendix A. The NYSDSS corrected its method of accounting for provider agency training fees effective July 1, 1994.

The NYSDSS settled this issue (see Appendix B - Copy of Settlement Agreement) and paid \$904,425 to the Federal Government. This amount was based on a factor of 1.81 of single damages.

The Research Foundation of the City University of New York (RFCUNY)

The NYSDSS awarded contract No. C-003732 to RFCUNY to provide training to State and social services district staff on legal issues, including fair hearing related matters. The contract agreement contained an approved budget of \$1,410,930 for the period October 1, 1989 through March 31, 1993.

We reviewed the \$941,071 of expenses RFCUNY claimed under this contract in the period October 1, 1989 through November 30, 1991. The claimed indirect costs on this contract were based on the on-campus indirect cost rate of 71.4 percent, which RFCUNY negotiated with

The RFCUNY should have claimed indirect expenses at a lower indirect cost rate.

DCA for agreements performed at its Queens College campus. However, because more than 50 percent of the direct costs charged to the contract were incurred off-campus, the claimed indirect costs should have been based on the off-campus indirect cost rate of 42.5 percent, which RFCUNY negotiated with DCA. As a result, RFCUNY overclaimed \$148,756 of indirect costs. Our review also disclosed that \$38,834 of trainee travel expenses and related indirect costs of \$16,505 were unnecessary contract expenditures.

Overall, \$204,095 of training expenditures were improperly claimed under contract No. C-003732 for the period we reviewed. Of that amount, \$136,744 was reimbursed by the Federal Government. For a breakdown of this amount by Federal program, see Appendix A.

The NYSDSS settled this issue on December 20, 1994 (see Appendix B - Copy of Settlement Agreement) and paid \$247,068 to the Federal Government. This amount was based on a factor of 1.81 of single damages.

On-Site Training Contract Staff

We found that certain employees, who were hired to work under training contracts awarded to RFSUNY, were working in NYSDSS offices throughout the State. The NYSDSS referred to these RFSUNY training contract employees as "on-site" NYSDSS contract staff. We asked

Employees hired under training contracts awarded to SUNY actually worked on-site in NYSDSS offices.

RFSUNY to provide us with a listing of all contract employees who worked on-site at NYSDSS offices during the past 10 years. The RFSUNY subsequently furnished us a list of 156 employees who were placed in NYSDSS offices during the period January 1, 1984 through June 30, 1993. The salary and related costs of the 156 employees were charged entirely to training contracts NYSDSS awarded to SUNY Albany and SUC Buffalo.

In order to determine if the on-site contract employees were actually performing training under the contracts where their salaries were charged, 40 of the on-site staff were interviewed. We were able to determine the activities performed by all 40 staff during the period they were charged to the training contracts. In addition, based on conversations with the 40 individuals interviewed, we were also able to obtain information concerning the duties performed by another 44 NYSDSS on-site contract staff.

The interviews showed that most were often performing duties other than training or they were performing no training at all. These activities included:

On-site contract staff performed duties other than training.

- o Student interns conducting research on Medicaid-related issues. Interns were responsible for the analysis and resolution of questions regarding recipient and provider litigation patterns, and the analysis, refinement, and development of Medicaid systems. In addition, they focused on the analysis and resolution of Medicaid program management problems in such areas as cost containment, cost/benefit analysis of services and eligibility policies, and other organizational policy and management issues.
- o Contract staff involved in preparing procedural manuals. Specifically, staff were involved in the development of the Foster Care Manual for New York City. Issues in the manual included time frames, review process, practice concepts, and project oversight.
- o Contract staff discussing legislative developments. Certain staff were responsible for refining NYSDSS' computer system and making recommendations for redesign. Their duties included analyzing both new and existing computer systems to ensure the data generated was in compliance with Federal regulations.
- o Regional contract staff monitoring and evaluating local district operations. Staff were given a certain number of local district sites to look over the existing equipment and room configurations. A site packet was prepared, new equipment purchased and installed, and ultimately, the local staff was shown how to use the new equipment.
- o The NYSDSS computer hotline staff providing assistance related to hardware and other computer problems. We believe the hotline employees fixed problems as opposed to actually performing training.

For the 84 NYSDSS on-site employees whose work activities were reviewed, we concluded that 47 did not perform any training, 30 performed training part of the time, and the remaining 7 trained 100 percent of the time. We estimated the percentage of effort and the related costs that did not benefit the training contracts and calculated that, for the period January 1, 1984 through June 30, 1993, NYSDSS erroneously claimed \$7,772,114 for salaries and related costs. Of that amount, NYSDSS improperly received Federal reimbursement of \$4,045,029. For a breakdown by Federal program, see Appendix A.

The NYSDSS settled this issue (see Appendix B - Copy of Settlement Agreement) and paid \$7,308,533 to the Federal Government. This amount was based on a factor of 1.81 of single damages.

SUMMARY AND RECOMMENDATIONS

On December 20, 1994, the State of New York signed a settlement agreement with DOJ, OIG, and DCA. In return for a cash payment of \$26,970,000, the Federal agencies settled the above cited issues. In addition to the cash payment, the State further agreed to: review its expenditure report for the quarter ended September 30, 1994 and exclude similar costs which may have been included; amend its current procedures to ensure that any future costs of the type described will not be claimed; and not claim any legal or administrative costs incurred by the State in its own investigation of the allegations contained in this suit or in the settlement of these matters.

Recommendations

The Assistant Secretary for Management and Budget (ASMB) has been assigned - responsibility to negotiate all public assistance cost allocation plans. This responsibility also includes resolution of all government-wide accounting issues that impact public assistance programs. All administrative costs (direct and indirect) are normally charged to Federal programs by implementing the public assistance cost allocation plan. Therefore, since the improper training contract practices found in our joint review of NYSDSS may also exist in varying degrees in other States, we recommend that ASMB:

- Alert other departments administering training contracts to the conditions found in this review.
- Advise and coordinate the efforts of ACF, the Health Care Financing Administration, USDA, and the Social Security Administration with regard to the need to more closely monitor and coordinate States' compliance with regulations that cover the allocation and claiming of training contract costs. We believe that, as a minimum, other States should be queried as to whether the improper practices identified in the review of NYS have been adopted elsewhere. To assist in this review, we have initiated a nationwide review of training contract costs. Our nationwide review will include the following six States: New Jersey, Florida, Illinois, Oklahoma, Missouri, and California. The objective of the nationwide review will be to determine the appropriateness of training contract costs charged to Federal programs in the selected States.
- Review future training expenditures claimed by NYSDSS, on a periodic basis, to ensure that it continues to adhere to the terms of its settlement agreement with DOJ.

ASMB Response

In a memorandum dated September 8, 1995, ASMB agreed with our conclusions and indicated it shared our concerns that comparable conditions may also exist in varying degrees in other states. Accordingly, ASMB stated quick action would be taken to ensure compliance with the report's three recommendations. Specifically, ASMB stated DCA will:

- Alert other Federal agencies which also fund training contracts to the conditions disclosed in our report.
- Advise and coordinate efforts of HHS Operating Divisions and other Federal agencies to more closely monitor and coordinate States' compliance with regulations affecting the allocation and claiming of training contract costs.
- Review future training expenditures claimed by NYSDSS, on a periodic basis, to ensure continued compliance with the terms of the settlement agreement.

HCFA Response

The HCFA concurred with our findings and recommendations.

ACF Response

The ACF concurred with our findings and recommendations.

The ACF also offered a general comment indicating it would be beneficial to ACF in carrying out its responsibility to monitor States in the administration of individual programs if our report detailed improper claims filed by the State under titles IV-A, IV-D, IV-E, and XX on a program-by-program basis. We discussed this with ACF officials who recognized that we did not perform a program audit of training contracts to assess whether the training was proper or relevant. Therefore, we did not detail the improper claims on a program-by-program basis.

In addition, ACF made two specific comments on third party in-kind contributions. The first related to ACF's interpretation of the finding, whereby officials understood the report to imply that training contract provisions requiring contractors to pay the State amounts in addition to the reasonable and fair market values of the services provided would be acceptable except for the fact that contractors failed to actually provide "contributions." During a discussion with ACF officials, we explained such a funding methodology was not acceptable. In fact, the report stated, "This practice was not in compliance with Federal

regulations and program directives with regard to the cost sharing provided by private contractors....."

The second specific comment was made in reference to the example we provided in the report under Third Party In-Kind Contributions. The example illustrated a provision requiring a contractor to cost share under a training contract and the way in which NYSDSS subsequently reimbursed the contractor and claimed the costs to the Federal Government. The ACF wanted the example clarified to show that the Federal Government would only share in the adjustment amount and not the total award.

We contacted ACF officials and explained that our methodology for calculating the adjustment did agree with theirs and that the example only illustrated the terms of the training contracts. The ACF officials were satisfied with our explanation and agreed that the report should not have to be changed.

EXHIBIT W

RC03: Therapeutic Crisis Intervention
Residential Child Care Project, Cornell University

**BREAKDOWN OF COURSES
EXPENSES**

	TxT	IAB	VP&AR TA	SPR
PERSONNEL	\$60,423	\$27,465	\$109,859	\$9,887
FRINGE	\$22,018	\$10,008	\$40,033	\$3,603
CASUAL EMPLOYEES	\$11,250		\$1,875	\$0
FRINGE	\$4,100		\$683	\$0
AV EQUIPMENT	\$7,050	\$3,750	\$0	\$1,170
EASEL PADS	\$165	\$135	\$0	\$0
PADS/PENCILS	\$94	\$54		\$0
EVAL SUPPLIES	\$748	\$432		\$0
STAFF	\$11,406	\$11,544	\$68,697	\$0
TRAVEL				
CONFERENCE TRAVEL	\$867	\$501	\$2,783	\$464
CONSULTANT FEE and TRAVEL	\$0	\$6,000	\$0	\$25,000
PRINTING	\$14,025	\$1,620	\$3,000	\$0
POSTAGE/SHIPPING	\$1,422	\$821	\$4,563	\$760
REPRODUCTION OF ICI VIDEO	\$8,415	\$0	\$0	\$0
BOOKS/JOURNALS	\$622	\$283	\$1,131	\$102
REPRINT PERMISSION	\$187	\$85	\$339	\$31
TRAINING SPACE RENTAL	\$26,750	\$10,250	\$0	\$4,500
TRAINEE COSTS	\$71,783	\$0	\$0	\$0
SUBTOTAL	\$241,323	\$72,948	\$232,964	\$45,517
FACILITIES & ADMINISTRATIVE COSTS	\$148,559	\$44,907	\$143,413	\$28,020
ADMINISTRATION	\$29,407	\$13,367	\$53,468	\$4,812
GRAND TOTAL	\$419,289	\$131,221	\$429,844	\$78,349

ADMINISTRATION	
PERSONNEL+TEMP	\$28,131
ASSOCIATED FRINGE	\$10,251
EQUIPMENT	\$3,400
FAX LEASE	\$450
OFFICE	\$1,083
SUPPLIES	
SOFTWARE	\$3,120
OFFICE FURNITURE	\$2,500
ADMINISTRATIVE STAFF TRAVEL	\$238
OTHER COSTS	
NETWORK	\$2,748
COSTS	
PHONE	\$6,312
PHOTOCOPY	\$8,500
OFFICE RENT ITHACA	\$0
EQUIP. REPAIR, MAINTENANCE, & INSURANCE	\$3,250
GENERAL OUTSIDE SERVICES	\$4,452
SUBTOTAL	\$74,435
FACILITIES & ADMINISTRATIVE COSTS	\$43,729
TOTAL ADMINISTRATION	\$118,164

EXHIBIT X



Office of Children and Family Services

**New York State
Child and Family Services Review
Program Improvement Plan**

**Eighth Quarterly Report
(January 14, 2005 – April 13, 2005)**

Date of Report: May 13, 2005



**John A. Johnson
Commissioner**

**52 Washington Street
Rensselaer, NY 12144**

I. Introduction

This is the eighth and final quarterly report for the Child and Family Service Review (CFSR) Program Improvement Plan (PIP). The 7th quarterly report was sent to ACF on February 11, 2005. New York's PIP was submitted to ACF in April 2002 and was approved by ACF effective April 14, 2003. New York began the work contained in the PIP on July 1, 2002 while waiting for federal approval.

The PIP provides New York State with a blueprint for its continuous quality improvement of the administration of child welfare services and practices. Through targeted strategies and action steps, the New York State Office of Children and Family Services (OCFS), the fifty-eight local departments of social services, the St. Regis Mohawk Tribe, and the agencies with which they contract for services, address the child welfare outcomes and performance indicators found not to be in substantial conformity with the 2001 Administration for Children and Families (ACF) Child and Family Services Review standards.

New York is a state supervised, locally administered system and, as such, it is presented with special challenges in responding to the Federal Children and Family Services Review (CFSR). The OCFS CFSR PIP development and implementation process is an opportunity to join with local departments of social services, New York City's Administration for Children's Services, voluntary agencies, the federally recognized tribes and other child welfare stakeholders in order to:

- assess the review findings;
- identify factors contributing to performance or to the report findings;
- identify current initiatives upon which to build;
- identify strategies and action steps to address the factors contributing to performance;
- set goals for improved performance; and
- shape strategies to assess the effectiveness of the PIP.

OCFS views the implementation of the CFSR PIP as an opportunity to continue to strengthen the areas of child welfare practice and programs that are in need of improvement and to build on the many strengths present in OCFS, local district and agency practices and programs. OCFS embraces this opportunity for partnership in order to foster creative thinking and to forge a common focus on achieving improvements in child safety, permanency and well-being. It does so in full cooperation with the Administration for Children and Families, ACF Region II staff and in conformance with the federal regulations (45CFR 1355 (a) (1) (i)) governing this process.

Format of the Quarterly Report

The eighth quarterly report follows the federally recommended format for quarterly reporting, supplemented by a brief narrative description of the work done to achieve each benchmark. The action steps and benchmarks that were achieved by the eighth quarter are **BOLDED** in the matrix. Following each national standard/item in the matrix, the action step and benchmark are repeated, the status provided, and the narrative regarding the achievement follows. Information provided in New York's first through seventh quarterly reports is included in this report, but is not bolded.

National Standard - Incidence of Child Abuse and/or Neglect in Foster Care

Goal/Negotiated Measure/Percent of Improvement	Action Steps	Method of measuring Improvement	Benchmarks/Toward Achieving Goal	Benchmark Dates	Goals Dates
<p>Reduce the rate of the incidence of child abuse and/or neglect in foster care, as measured by the National Standard, from 1.14% to 1%</p> <p>Goal achieved (.87% in 2002)</p>	<p>Action Step 1.15: New York will reduce the incidence of child abuse and neglect in foster homes by developing and distributing a model foster parent manual to local districts and voluntary agencies. Districts and agencies will provide this manual to foster parents to provide clarity regarding the roles, responsibilities, and expectations of foster parents.</p>	<p>Semi-Annual State data regarding the incidence of abuse/neglect in foster care (From NCANDS)</p>	<p>Foster parent manual completed.</p> <p>Multiple hard copies of the Manual, as well as a CD copy, will be distributed to every local district and voluntary agency. The Manual will also be posted on OCFS' web site. Follow-up will be conducted with a sample of 10 districts, New York City, and 15 agencies to verify their distribution of the Manual to foster parents.</p>	<p>Projected: End of Quarter 2 Actual: Completed by End of Quarter 1</p> <p>Projected: End of Quarter 3 Actual: Completed by end of Quarter 2</p>	
<p>Reduce the rate of the incidence of child abuse and/or neglect in foster care, as measured by the National Standard, from 1.14% to 1%</p> <p>Goal achieved (.87% in 2002)</p>	<p>New York will enhance the ability of foster parents, including kinship foster parents, to provide safe, stable, permanency focused placements through the following action step:</p> <p>Action Step 1.16: Develop a foster parent training and support needs assessment instrument to be distributed to districts and agencies. The completed needs assessment will be reviewed and used as a basis for training and technical assistance resources to be provided to districts, agencies and foster parents to address the needs identified. This will occur in at least one district and one agency in each of the 6 regions (which includes New York City.)</p>	<p>Semi-Annual State data regarding the incidence of abuse/neglect in foster care (From NCANDS)</p>	<p>a. Initial meeting with training partners completed.</p> <p>b. Input from foster parents, local districts and foster care agencies obtained.</p> <p>c. Needs assessment instrument developed and tested.</p> <p>d. Needs assessment completed.</p> <p>e. Training and technical assistance plan developed.</p>	<p>a. Projected: End of Quarter 1 Actual: Completed by End of Quarter 1</p> <p>b. Projected: Begin in Quarter 2; Complete by End of Quarter 3 Actual: Completed in Quarter 1</p> <p>c. Projected: End of Quarter 4 Actual: Completed by end of Quarter 2</p> <p>d. Projected: End of Quarter 4 Actual: Completed by end of Quarter 2</p> <p>e. Projected: End of Quarter 5 Actual: Completed by end of Quarter 5</p>	<p>End of Qtr 6</p>

<p>Reduce the rate of the incidence of child abuse and/or neglect in foster care, as measured by the National Standard, from 1.14% to 1%</p> <p>Goal achieved (.87% in 2002)</p>	<p>New York will strengthen the crisis intervention and de-escalation techniques used in congregate care settings to decrease incidence of maltreatment during crisis intervention through the following action steps:</p> <p><u>Action Step 3.1b:</u> OCFS will work through a contractor to deliver training in Therapeutic Crisis Intervention (TCI) (designed to teach crisis intervention and de-escalation techniques) to voluntary agency child care staff and local district group home staff.</p> <p><u>Action Step 3.1c:</u> A national and Statewide assessment of the use of the single person restraint techniques will be conducted and the field will be notified of future policy direction that is in the best interest of children.</p> <p>(Amendment 2-11/29/04)</p>	<p>Semi-Annual State data regarding the incidence of abuse/neglect in foster care (From NCANDS)</p>	<p>f. Training and technical assistance provided to at least one district and one agency in each of the 6 regions (which includes New York City) in addressing the needs identified.</p> <p>a. 10 Five-day train-the-trainer sessions with a total of 100-170 individuals trained.</p> <p>b. 16 two-day training update sessions with a total of 250 - 320 individuals will be held during 2003.</p> <p>c. National and Statewide data collected on physical restraint procedures, including single person restraint.</p> <p>(Amendment 2 -11/29/04)</p> <p>d. Letter issued to LDSS and Voluntary agencies announcing policy direction.</p> <p>(Amendment 2 -11/29/04)</p>	<p>f. <u>Projected:</u> Begin in Quarter 5; Continue through Quarter 6 <u>Actual:</u> Began in Quarter 5 <u>Actual:</u> Completed in Quarter 6</p> <p>a. <u>Projected:</u> End of Quarter 4 <u>Actual:</u> Completed by end of Quarter 2</p> <p>b. <u>End of Quarter-4</u> <u>Actual:</u> Completed by Quarter 4</p> <p>c. <u>Projected:</u> Begin in Quarter 1; Complete by end of Quarter 2 <u>Actual:</u> Completed by end of Quarter 1</p> <p>d. <u>End of Quarter 4</u> <u>Actual:</u> Completed by end of Quarter 4 (Amendment 2 -11/29/04)</p>	<p>End of Qtr 6</p>
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<p>Reduce the rate of the incidence of child abuse and/or neglect in foster care, as measured by the National Standard, from 1.14% to 1% Goal achieved (.87% in 2002)</p>	<p>New York will strengthen the prevention efforts by working with managers and administrators of congregate care programs to prevent incidents of abuse and maltreatment through the following action step: Action Step 3.1d: Design and implement Institutional Abuse Prevention training and technical assistance targeted for executive directors and administrative levels of staff in congregate care facilities. This will be a Violence Prevention/Abuse Reduction training and technical assistance program.</p>	<p>Semi-Annual State data regarding the incidence of abuse/neglect in foster care (From NCANDS)</p>	<p>a. Training and technical assistance provided to residential program staff. A minimum of 75 days will be delivered with a minimum of 300 trainees/recipients of technical assistance.</p>	<p>a. End of Quarter 4 <u>Actual:</u> Completed by end of Quarter 4</p>	<p>End of Qtr 6</p>
<p>Reduce the rate of the incidence of child abuse and/or neglect in foster care, as measured by the National Standard, from 1.14% to 1% Goal achieved (.87% in 2002)</p>	<p>New York will provide training to State Institutional Abuse investigation staff to strengthen investigative and prevention efforts. Action Step 3.1e: Working with a contractor, training will be provided on topics relevant to the prevention and investigation of institutional abuse.</p>	<p>Semi-Annual State data regarding the incidence of abuse/neglect in foster care (From NCANDS)</p>	<p>All State IAB staff will be trained. This will be accomplished through a minimum of 20 training days.</p>	<p>End of Quarter 4 <u>Actual:</u> Completed by end of Quarter 4</p>	<p>End of Qtr 6</p>

CFSR PIP Quarterly Report

First Quarterly Report – July 2003 National Standard - Incidence of Child Abuse and/or Neglect in Foster Care

Action Step 1.16: Develop a foster parent training and support needs assessment instrument to be distributed to districts and agencies. The completed needs assessment will be reviewed and used as a basis for training and technical assistance resources to be provided to districts, agencies and foster parents to address the needs identified. This will occur in at least one district and one agency in each of the 6 regions (which includes New York City.)

Benchmark a: Initial meeting with training partners completed.

Benchmark b: Input from foster parents, local districts and foster care agencies obtained.

Status: Both completed- A meeting with the Professional Development Program (PDP), Center for Development of Human Services (CDHS) and the OCFS Bureau of Monitoring and Performance Improvement Training Unit (BMPI) was held on January 16th, 2003, to start looking at existing survey instruments and to begin planning for the distribution of the survey and data collection. Staff from CDHS and PDP have agreed to create a survey form that can be used to track both the service needs and training needs of foster parents. A subsequent meeting was held on March 18, 2003 to review the instruments. A work plan was created to outline the steps in the process and to support task completion within the PIP timeframes. The staff from CDHS and PDP are foster parents themselves. They will engage two other foster parents to work with them on the survey instruments, looking for their suggestions and comments. A workgroup has been formed with members from OCFS, OCFS/PDP, PDP, CDHS, a foster parent, and NYS Citizens Coalition for Children (CCC). The workgroup met on April 2nd and April 16th and worked on the design of two surveys, one for foster/adoptive parents and the other for voluntary agencies. The foster/adoptive survey has been distributed for internal and external review. Individuals from OCFS (Policy, Regional Offices and Legal) and stakeholders including local departments of social services, the NYS Foster Adoptive Parents Association (NYSEAPA), a voluntary agency and the Administration for Children Services, have been asked for comments. The work plan has been updated to reflect decisions that have been made concerning distribution of the survey.

Action Step 3.1c: Working with a contractor, OCFS will develop and provide a new training on single-person restraint techniques, including the circumstances under which this type of restraint is appropriate. This will be a train-the-trainer format

Benchmark c: Begin development of Curriculum in Quarter 1.

Status: Completed, with modifications.

Narrative: OCFS has had a contract with Cornell University for several years to provide training to voluntary agencies in Therapeutic Crisis Intervention (TCI), a comprehensive system of crisis avoidance, management and intervention. Contract agency stakeholders expressed concern when Cornell University eliminated the Single Person Prone Restraint technique from the TCI training curriculum in 2001. In response, OCFS Policy and Training staff researched alternative crisis management and intervention vendors from Dec. 2001 to July 2002 in order to identify a replacement technique. OCFS identified the three most promising models and invited them to present demonstrations at OCFS in August of

2002. Stakeholders were invited to attend the presentations and to provide feedback. During the fall of 2002, OCFS evaluated feedback from participants and identified one vendor whose curriculum was most compatible with current OCFS regulations and TCI practice. However, several months after being notified of their selection, the preferred vendor withdrew from consideration as a training subcontractor. At this time, OCFS is continuing with the existing training with Cornell which includes a basket-hold type restraint appropriate for children who are smaller than the person doing the restraint. OCFS is conducting a national review of other states' single person restraint practice. OCFS contacted multiple National Resource Centers for assistance, which led to our current work with the Child Welfare League of America in identifying the policies and practices of other states in regard to single person restraint.

Second Quarterly Report – October 2003
National Standard - Incidence of Child Abuse and/or Neglect in Foster Care

Semi-Annual State data regarding the incidence of abuse/neglect in foster care (From NCANDS)
Abuse/Neglect in Foster Care (%)

1999 = 1.12%
2000 = 0.77%
2001 = 0.98%

Action Step 1.1.15: New York will reduce the incidence of child abuse and neglect in foster homes by developing and distributing a model foster parent manual to local districts and voluntary agencies. Districts and agencies will provide this manual to foster parents to provide clarity regarding the roles, responsibilities, and expectations of foster parents.
Benchmark: Multiple hard copies of the Manual, as well as a CD copy, will be distributed to every local district and voluntary agency. The Manual will also be posted on OCFS' web site. Follow-up will be conducted with a sample of 10 districts, New York City, and 15 agencies to verify their distribution of the Manual to foster parents.
Status: The foster parent manual was distributed through a direct mailing to foster parents, and LDSS and voluntary agencies. A CD copy was produced and the manual was made available on the OCFS web page. Distribution will also be made at several upcoming trainings and a conference this fall. Districts and Voluntary Agencies were contacted by telephone to confirm their receipt of the foster parent manual. A series of questions were asked regarding when the district or agency distributed the manuals and comments regarding the manual were collected. The feedback from the telephone follow-up survey was shared with the OCFS Bureau of Training and Welfare Research Institute.

Action Step 1.16: New York will enhance the ability of foster parents, including kinship foster parents, to provide safe, stable, permanency focused placements through the following action step: Develop a foster parent training and support needs assessment instrument to be distributed to districts and agencies. The completed needs assessment will be reviewed and used as a basis for training and technical assistance resources to be provided to districts, agencies and foster parents to address the needs identified. This will occur in at least one district and one agency in each of the 6 regions (which includes New York City).

Benchmark: c - Needs assessment instrument developed and tested.

Status: Completed. The foster parent needs assessment instrument was finalized sent out to foster parents and LDSS/voluntary agencies. A total of 1740 needs assessment surveys were mailed out in August 2003. A total of 118 voluntary agencies and the 58 districts received the survey. Each agency was asked to have up to 10 foster care caseworkers complete the survey and return it to CDHS. Completed surveys were scanned and aggregated by CDHS. Additional surveys were given to foster parents who attend foster parent trainings and conferences held through CDHS and PDP in September.

Benchmark: d - Needs assessment completed.

Status: Completed. The foster parent needs assessment instrument was finalized sent out to foster parents and LDSS/voluntary agencies.

Action Step 3.1b: New York will strengthen the crisis intervention and de-escalation techniques used in congregate care settings to decrease incidence of maltreatment during crisis intervention through the following action steps:

OCFS will work through a contractor to deliver training in Therapeutic Crisis Intervention (TCI), designed to teach crisis intervention and de-escalation techniques, to voluntary agency child care staff and local district group home staff.

Benchmark: a - 10 Five-day train-the-trainer sessions with a total of 100-170 individuals trained.

Status: Completed. Cornell University is the trainer for the 5- day TCI Train the Trainer Module. The projected number of five-day train-the-trainer sessions and participants trained was achieved. Twelve (12) five-day TCI training sessions were provided to 201 participants.

Third Quarterly Report – January 2004
National Standard - Incidence of Child Abuse and/or Neglect in Foster Care

No Benchmark due in Quarter 3 for this National Standard.

Fourth Quarterly Report – April 2004
National Standard - Incidence of Child Abuse and/or Neglect in Foster Care

Action Step 3.1b: OCFS will work through a contractor to deliver training in Therapeutic Crisis Intervention (TCI) (designed to teach crisis intervention and de-escalation techniques) to voluntary agency child care staff and local district group home staff.

Benchmark b: 16 two-day training update sessions with a total of 250 - 320 individuals will be held during 2003.

Status: A total of 44 days of training were completed by the end of Quarter 4. A total of 467 individuals were trained. 7/1/02-9/30/02: Three 2-day updates, 70 attendees- 7/10/02 - Dutchess, 8/7/02 - Erie, 9/4/02 - Albany. 10/1/02-12/31/02: Three 2-day updates 94 attendees- 10/16/02-Westchester. 11/13/02- Cayuga, 12/4/02 - Dutchess. 1/1/03-3/31/03: Five 2-day updates - 121 attendees - 1/15/03-Monroe, 1/29/03- Albany, 2/12/03-Erie, 2/26/03- Westchester, 3/26/03- Westchester.. 4/1/03-6/30/03- Three 2-day updates 76 attendees- 4/16/03-Westchester, 5/28/03-Albany, 6/25/03- Buffalo. 7/1/03-9/30/03- Four 2-day updates, 96 attendees - 7/9/03- Westchester, 8/27/03-Cayuga, 9/3/03-Albany, 9/17/03- Monroe. 10/1/03-12/1/03- Four 2-day updates 110 attendees - 10/1/03- Westchester, 10/29/03- Buffalo, 11/5/03- Dutchess, 12/3/02, Cayuga.

Action Step 3.1d: Design and implement Institutional Abuse Prevention training and technical assistance targeted for executive directors and administrative levels of staff in congregate care facilities. This will be a Violence Prevention/Abuse Reduction training and technical assistance program.

Benchmark a: Training and technical assistance provided to residential program staff. A minimum of 75 days will be delivered with a minimum of 300 trainees/recipients of technical assistance.

Status: Through 12/31/03 a total of 99 days of technical assistance on Violence Prevention and Abuse reduction has been provided to approximately 600 participants. Training and TA -IAB 7/1/02-9/30/02:- 7 days 7/25/02-7/26/02-hopevale, 8/13/02-8/14/02-LaSalle, 8/15/02-8/16/02-Cayuga Home, 9/24/02-LaSalle. 10/1/02-12/31/02: 7 days, 10/02/02-Hopevale, 10/03/02-Salvation Army-Wayside, 10/10/02- LaSalle 10/25/02- Hopevale, 11/1/02- Salvation Army-Wayside, 12/12/02- Hopeville, 12/19/02- Syracuse Regional Office. 1/1/03-3/31/03: 11 days - 1/23/03- Wayside, 1/24/03- East Village Residence, 2/20/03- Hillside Children's Center, 2/25/03- Hillside Children's Center, 3/3/03- Liberty Resources, 3/4/03-Multiple Agencies, 3/5/03-East Village Residence, 3/25/03- St. Cabrini, 3/26/03-Little Flower, 3/28/03-St. Christopher Otilie, 10/1/03 - 12/31/03 - 27 days 10/1 - 10/2/03 - St. Christopher's, 10/3/03- Little Flower, 10/14/03 - Little Flower, 10/21/03 - Glove House, 10/23/03 - House of Good Shepard, 10/24/03 - Glove House, 10/26/03 - Yonkers Regional Office, 10/31/03- House of Good Shepard, 10/31/03 Gustavus Adolphus, 11/3/03 11/6/03-CWLA Training, 11/17 - 11/18/03 St. Christopher, 11/20/03 Central and Regional office, 12/1/03 - House of Good Shepard, 12/5/03 - Gustavus Adolphus, 12/5/03 - Glove House, 12/8-12/11/03 CWLA training, 12/12/03 Children's Home of Poughkeepsie, 12/17/03 - Gateway Longview, 12/19/03 - Kidspeace

Action Step 3.1e: Working with a contractor, training will be provided on topics relevant to the prevention and investigation of institutional abuse.

Benchmark a: All State IAB staff will be trained. This will be accomplished through a minimum of 20 training days.

Status: A total of 21 days and 273+ staff have been trained. At this time it appears all IAB staff have been trained. Trainings completed as follows:

7/1/02-9/30/02- 5 days 41 attendees- (7/8/02, 7/12/02, 7/30/02, 7/31/02, 8/01/02). 10/1/02-12/31/02 – 3 days, 75 attendees- (10/15/02, 12/13/02, 12/20/02). 7/1/03-9/30/03 9 days 128 attendees, (8/6/03, 8/19/03, 8/21/03, 9/4/03, 9/5/03, 9/12/03, 9/19/03, 9/23/03, 9/24/03). 10/1/03-12/31/03 – 2 days 9 attendees, (11/5/03, 11/19/03). 1/1/04-3/31/03 2 days, number of attendees unknown (2/13/04, 2/24/04).

Fifth Quarterly Report – August 2004
National Standard - Incidence of Child Abuse and/or Neglect in Foster Care

Action Step 1.16: Develop a foster parent training and support needs assessment instrument to be distributed to districts and agencies. The completed needs assessment will be reviewed and used as a basis for training and technical assistance resources to be provided to districts, agencies and foster parents to address the needs identified. This will occur in at least one district and one agency in each of the 6 regions (which includes New York City.)

Benchmark e: Training and technical assistance plan developed.

Status: Completed in Quarter 5. Through a training contract with the Center for Development of Human Services, OCFS currently provides local districts and agencies with a program to prepare and orient prospective foster/adoptive parents to their role and responsibilities. It also provides an in-service training program for certified or approved foster/adoptive parents. As well, OCFS provides training seminars and technical assistance for foster/adoptive parents. OCFS' foster/adoptive parent preparation and training contact is designed as a resource system in which a wide variety of training and technical assistance can be reconfigured, modified or created to meet emerging needs. This flexibility enabled the Office to revise or develop training and technical assistance based on the results of its statewide foster/adoptive parent survey.

Benchmark f: Training and technical assistance provided to at least one district and one agency in each of the 6 regions of the State (which includes New York City) in addressing the needs identified.

Status: Training began in Quarter 5 through CDHS. A copy of training and technical assistance planned for this year is included in this submission.

Sixth Quarterly Report – November 2004
National Standard: Stability of Foster Care Placements

Enhance the ability of foster parents, including kinship foster parents to provide safe, stable, permanency focused placements by:

Action Step 1.16: Develop a foster parent training and support needs assessment instrument to be distributed to districts and agencies. The completed needs assessment will be reviewed by OCFS and shared with local districts and used as a basis for developing and targeting training and technical assistance resources to be provided to districts, agencies and foster parents to address the needs identified. This will occur in at least one district and one voluntary agency in each of the 6 Regions of the State (which includes New York City).

Benchmark f: Training and technical assistance provided to at least one district and one agency in each of the 6 Regions of the State (which includes New York City)- in addressing the needs identified.

Status: Training continues throughout the State. Training on legal issues was developed by CDHS and was held on September 9, 2004 in Buffalo, September 10, 2004 in Rochester, October 2, 2004 in Syracuse, and October 6, 2004 in Albany. Staff from local districts and voluntary agencies was invited and attended the training. Legal training will continue in New York City, with three training sessions planned by the end of 2004. Legal issues was one of the top trainings of interest to foster parents according to the foster parent survey.

Also, CDHS has set up a pilot for on-line training called iLinc, a distance-training program that uses the Internet to connect instructors and learners. It is not meant to be a replacement for direct training, but rather a supplemental method available to interested and technologically enabled participants. Three topics are being offered via iLinc, Promoting Attachment (10/19/04, 10/21/04, 10/25/04), Introduction to Multiple Intelligences (10/27/04, 11/1/04, 11/2/04), and Ages and Stages of Development (11/8/04, 11/10/04, 11/12/04). Each of the sessions is offered at various times throughout the day.

All Action Steps are completed for this National Standard

EXHIBIT Y

ORIGINAL

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 1150532082A4

DATE: October 26, 2005

INSTITUTION:
Cornell University
341 Pine Tree Road
Ithaca

NY 14850-2820

FILING REF.: The preceding Agreement was dated July 6, 2005

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/05	06/30/07	58.0	On-Campus	Endowed Research
PRED.	07/01/07	06/30/09	59.0	On-Campus	Endowed Research
PRED.	07/01/05	06/30/08	53.5	On-Campus	Contract Coll. Res.
PRED.	07/01/08	06/30/09	54.0	On-Campus	Contract Coll. Res.
PRED.	07/01/05	06/30/09	56.7	On-Campus	Contract Coll. ESA
PRED.	07/01/05	06/30/09	11.0	Off-Campus	All NAIC Programs
PRED.	07/01/05	06/30/09	26.0	Off-Campus	All Progs (excl. NAIC)
PROV.	07/01/09	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2009.		

***BASE:**

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

INSTITUTION:
Cornell University

AGREEMENT DATE: October 26, 2005

SECTION I: FRINGE BENEFITS RATES**

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
FIXED	07/01/05	06/30/06	32.0	Endowed Coll	(1)
FIXED	07/01/06	06/30/08	33.0	Endowed Coll	(1)
FIXED	07/01/05	06/30/08	10.0	Endowed Coll	(2)
PROV.	07/01/08	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2008.		
FIXED	07/01/05	06/30/06	47.5	Contr. Coll	All Employ. (3)
PROV.	07/01/06	UNTIL AMENDED	47.5	Contr. Coll	All Employ. (3)

(1) Full benefit employees, includes benefits listed in #2 below and see special remarks section for additional benefits covered.

(2) Applicable to visiting faculty, summer faculty without retirement, Executive Education faculty appointments, non-benefit eligible temporary employees, summer students (if not registered) and bonus payments. Includes mandated benefits such as Social Security, Worker's Compensation, Disability and Unemployment.

(3) Contract College fringe benefits are claimed using approved rates contained in the New York State-Wide Cost Allocation Plan plus a small add-on for the university paid component.

****DESCRIPTION OF FRINGE BENEFITS RATE BASE:**
Salaries and wages.

INSTITUTION:
Cornell University

AGREEMENT DATE: October 26, 2005

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

1. The rates in this Agreement have been negotiated to reflect the administrative cap provisions of the revisions to OMB Circular A-21 published by the Office of Management and Budget on May 8, 1996. No rate affecting the institution's fiscal periods beginning on or after October 1, 1991, except rates for DOD contracts and subcontracts, contains total administrative cost components in excess of that 26 percent cap.

2. Extraordinary electrical costs for the Laboratory Of Nuclear Studies and extraordinary electrical costs, telecommunications costs and chilled water costs of the Theory Center program associated with, but not including normal utility costs for building maintenance are excluded from the modified total direct cost base. In addition, the electrical costs of the NAIC Arecibo radio telescope site in Puerto Rico are also excluded from the modified total direct cost base. The exclusion of these costs from the MTDC base does not represent an agreement that these exclusions are accepted for subsequent negotiation of future years' rates.

3. In addition to the fringe benefits listed in the Fringe Benefits Section of this agreement, the following fringe benefits are included in the full benefit rates: retirement, health insurance, life insurance, long term disability, employee tuition, employee wellness and assistance program and childcare.

4. Effective 7/1/99 tuition support for dependents of Cornell University employees is no longer an allowable fringe benefit expense and is not included in the approved rates.

5. Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit.

INSTITUTION:
Cornell University

AGREEMENT DATE: October 26, 2005

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:

If any Federal contract, grant or other agreement is reimbursing facilities and administrative costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to these programs.

BY THE INSTITUTION:

Cornell University

(INSTITUTION)



(SIGNATURE)

Joanne M. DeStefano

(NAME)

Vice President for Financial Affairs &
University Controller

(TITLE)


October 31, 2005

(DATE)

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)



(SIGNATURE)

Robert I. Aaronson

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

October 26, 2005

(DATE) 0942

HHS REPRESENTATIVE: Michael Leonard

Telephone: (212) 264-2069

EXHIBIT Z



New York State
Office of
Children & Family
Services

April 5, 2004

Ms. Denise Clark
Director
Office of Sponsored Programs
Cornell University
120 Day Hall
Ithaca, New York 14853

RE: OCFS Training Workplan RC 03

George E. Pataki
Governor

John A. Johnson
Commissioner

Dear Ms. Clark:

The purpose of this letter is to provide you with final approval of the Training and Administrative Service Activity workplan entitled "Therapeutic Crisis Intervention" (RC 03) that was conditionally approved on December 22, 2003. Copy attached. The funding level for both gross and reimbursable workplan amounts remain unchanged. The workplan and requirements provided to you with the conditional approval letter are still applicable except for:

Each workplan requires an overall monthly billing and a Summary of Cost form (3106) for each project included in the workplan.

Administrative Service Activities and Department Appeals Board Decision 1666 (DAB 1666) costs must continue to be tracked by project and object of expense, however they need only be reported with the final monthly claim and any subsequent claims.

Please refer to the "Streamlining the Contract Process" guidelines, previously sent to you by Peter Miraglia on February 3, 2004, for information regarding the processing of budget modifications.

If you have any questions concerning this letter, please contact Jim Spoor of my staff at (518) 486-6380.

Sincerely,

John G. Moriarty
Director
Bureau of Contract Management

Enclosures

cc: Deb Hanor
Peter Miraglia
Carol Frament
Jim Spoor
Mike Nunno

