Department of Human Services
Summary of Foster Care Trust Account Transactions
For the Year Ended June 30, 2020

The Department of Human Services (DHS) maintains trust accounts for all foster children in Arkansas when the Department is payee for a child who receives benefits from sources such as the Social Security Administration and the Office of Child Support Enforcement (OCSE). Currently, the following three applications play a role in managing or monitoring these accounts:

- Great Plains Accounting Software – A general ledger system that is being used by the DHS Office of Finance and Administration (OFA) to record all of the foster care trust account transactions.
- Microsoft .NET Framework – A web-based application which utilizes a SQL server database. The .NET Framework is primarily used as a reporting environment. Therefore, reporting (monthly reports and holds on accounts) is done in .Net Framework. DHS also uses this application to automate several processes involved in recording the trust account transactions.
- Children's Reporting and Information System (CHRIS) – This application is utilized by the DHS Division of Children and Family Services (DCFS). It contains details about each foster child including personal information, placement history, financial transaction information, etc. Trust account information is imported into CHRIS once a day from Great Plains. Reports can be run in CHRIS with the Great Plains data which are similar to those run in .Net Framework per child trust.

Opening a Foster Care Trust Account

When a child enters foster care, DCFS ascertains whether a child may be eligible to receive benefits such as social security. DCFS field staff complete SSI screening questionnaires on each child. When the child meets certain criteria, the field staff fills out the applicable applications for benefits. DCFS will then apply to become the payee for all benefits collected. If a child is already receiving benefits when he or she enters foster care, DCFS notifies the appropriate office (Social Security Administration, OCSE, VA Office, Railroad Company, etc.) that DHS is the custodian and makes application to be payee for the child's benefits. SSA has advised DCFS that the state agency is not to apply to be payee for a foster child who is 17 years old and receiving Title II only. SSA has also advised that DCFS is not to apply to be payee for a child who is in a trial home visit, is incarcerated, or is placed with a relative. The DHS Accounts Receivable Department is responsible for creating new trust accounts in Great Plains. In order for A/R to create a new trust account in Great Plains, certain conditions must be met – either a removal episode must have occurred or a board payment must have been made. A removal episode is either the physical act of a child being taken from his or her normal place of residence by court order and placed in a substitute care setting or the removal of custody from the parent or relative guardian pursuant to a court order which permits the child to remain in a substitute care setting. Board payments are monthly fees which are paid to foster parents to provide for the care of the foster child while in their home. The state and/or federal governments fund these payments. If money is received, A/R must then determine whether an account already exists for the child. (This is a concern since it may not be the first time the child has entered foster

Source: PY workpaper; verification of procedures by Steve Sorrows, Program Administrator (DCFS)

care). The .NET Framework is used to run the child's SSN against the .NET Framework client master table to find any matches. If no matches are found, the .Net Framework is used to create a new trust account in Great Plains using the child's CHRIS Client ID. If a match is found, all transactions will be recorded in the child's existing Great Plains trust account.

Foster Care Trust Account Transactions

A large amount of activity occurs in the foster care trust accounts. DHS chose to use the general ledger system, Great Plains, to maintain these trust accounts due to its capability of handling great volumes of data. Although this software was not created for the purpose of maintaining trust account information, DHS has customized how data are entered into the Great Plains' software by changing the definition of account numbers in order for all of the necessary transactions to be performed. Trust account transactions are recorded by either the DHS Accounts Receivable Section or the DHS Accounts Payable Section. Thomas Leitmeyer (OFA) enters any adjusting journal entries that are needed to make corrections to the trust accounts.

The DHS Accounts Receivable Section is responsible for recording all transactions related to cash receipts in Great Plains. This Section is to record trust account deposits within three working days of deposits posting to the foster care trust bank account. The types of receipts deposited in the trust accounts include, but are not limited to the following:

- Social Security (SSA) – If a foster child is eligible for any social security benefits and DHS is payee for the benefits, DHS receives monthly payments directly from the Social Security Administration. Resource limitations do apply on certain benefits. However, there are no resource limits to receive the SSA Title II benefits.
- Supplemental Security Insurance (SSI) – The Social Security Administration has established a program which provides monthly benefits to people that are blind or disabled who have limited income and financial resources. One of the conditions for SSI eligibility is a monthly resource limit of $2,000 at the first of each calendar month. Therefore, foster children who are blind or disabled and qualify for these benefits must have their countable assets, including trust accounts, under $2,000 at the first of each month. DCFS monitors the trust account balances to ensure they do not exceed the resource limit. If a trust account balance is approaching the resource limit, DCFS urges the caseworkers to spend more of the trust funds on the child. The DCFS Eligibility Unit will review the trust accounts for children receiving SSI each month. If a trust account will be over the $2000.00 limit at the end of the month, The DCFS Eligibility Unit will contact the Family Service Worker to obtain information to set up an Achieving a Better Life Experience (ABLE) account.

- Child Support – These funds are generally court ordered. It is received by DHS from the DFA Office of Child Support Enforcement (OCSE) or directly from the child's parent. In Great Plains, the account description for child support received from OCSE is 'CSEU'. The account description for child support received directly from the parent is 'Child Support'.
- Interest – Interest earned on the foster care trust account bank balance is allocated to the individual trust accounts Once a month (no later than the tenth working day of each month), the interest from the previous month is allocated from the cash clearing account to the individual trust accounts. The allocations are based on the average daily balance for each trust account during the previous month (excluding accounts with zero and negative balances at the end of the month).

The DHS Accounts Payable Section is responsible for recording all transactions related to expenses in Great Plains. This section is to record withdrawals within ten business days of the requests by DCFS staff. The types of expenses withdrawn from the trust accounts include, but are not limited to the following:

- Reimbursements for Board Payments – As mentioned in the "Opening a Foster Care Trust Account" section, board payments are made to foster parents to provide for the care of the child while in their home. The amount of the monthly board payment is based on the age and special needs of the foster child. If a child is Title IV-E eligible and claimable, the federal government (combined with a state match) funds the board payment. If a child is not Title IV-E eligible and claimable, DCFS funds the entire board payment. The federal government and/or DCFS are reimbursed for board payments on a monthly basis from the trust accounts. In Great Plains, the account description for the Title IV-E board payment reimbursement is 'Board PWE'. The account description for the state only board payment reimbursement to DCFS is 'Board DCF'. These reimbursements are limited to the trust account balances less the amounts that have been placed on hold for other expenses.
- Personal Expenses – There is a wide range of personal expenses allowed for the foster children (e.g. furniture, electronics, dental procedures, child care, household items, groceries, and utilities). However, these expenses must be for the direct care and/or needs of the foster child. Funds cannot be used for siblings, parents, or other individuals in the placement home. Before funds can be withdrawn from a trust account, the DCFS field staff must send a purchase request via email to the DCFS Eligibility Unit. The DCFS Eligibility Unit will determine whether the expense is allowable and whether the trust balance is large enough for the purchase. Some purchases such as furniture and automobile purchases must be approved by the DCFS Executive staff. Once approved, the DCFS Eligibility staff use the .NET system to place a hold on the fund. Unless an extension is requested by the DCFS field staff, funds are not to be held more than 60 days after the initial request. If a purchase is made within the allotted time, either the Accounts Payable Section will manually remove the hold after the payment has been processed or an automated batch program will do so.

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If the purchase has not been made within the allotted time, the hold is cancelled by an automated program.

- Reimbursements for Fees Paid to Institutions – DCFS not only makes board payments to foster parents to provide care for foster children, but it also pays the fees for care and services provided if a foster child is institutionalized. Reimbursements for institutional fees, such as board payments, are reimbursed on a monthly basis. An automated process runs monthly for payments to institutions to recoup moneys from the trust that were paid out in the prior month. It is rare for a manual process to be completed by the contracts unit; generally it is done when back child support comes into DHS. In some instances, the reimbursements are not accounted for or calculated until a child's account is being closed out and in instances of this nature it is non-SSA related funds that are used for reimbursement since SSA related funds are returned to the Social Security Administration if any such funds are in the child's trust account at the time the account is closed out.
- Overpayments of SSI/SSA – Occasionally, the Social Security Administration will discover that a child has been paid too much SSI or SSA. The child's monthly SSI/SSA payments may have been miscalculated or the child's trust account balance may have been over the SSI resource limit. The overpayments are returned to the Social Security Administration to the extent that the child's trust account balance does not go below zero. There are avenues to appeal these "overpayments" if DCFS feels that the child has not been overpaid.
- Transfers to Arkansas ABLE accounts – ABLE accounts are tax-advantage savings accounts for individuals with disabilities. Funds included in the accounts are not included as countable resources when determining SSI, Title IV-E, and/or Medicaid eligibility. Funds in the account may only be used for "qualified disability expenses." DCFS monitors foster care trust activity to identify children who are at risk of losing their SSI, VI-E, and/or Medicaid eligibility due to excess funds in their trust account. If DCFS staff concur that an ABLE account is in the best interest of the child, the DCFS Eligibility Unit completes the enrollment form and submits the form to the ABLE Program (overseen by the Arkansas State Treasury). Once the account is open, the DCFS Eligibility Unit reviews monthly trust account activity and current balance to determine the appropriate amount to transfer to the account. Information regarding the ABLE account is provided to Social Security Administration on a monthly basis (for children on SSI). Fund balances are monitored by the DCFS Eligibility Unit on a monthly basis.
- Close Outs – When a child leaves foster care, the balance in the child's trust account is paid to the appropriate party. The determination of the appropriate party is discussed in the "Closing a Foster Care Trust Account" section.

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Closing a Foster Care Trust Account

If a child returns home, is emancipated, is adopted, or DHS is no longer the payee of funds, the DCFS field staff initiates the process to close the child's trust account. All outstanding bills are requested from providers, and a form is filled out to request that the child's trust account be closed. The form includes a notation to return the trust funds either to the child or legal guardian once all outstanding bills have been paid. The documentation is forwarded to the DCFS Eligibility Unit. The Unit completes additional forms to close out the account and sends the closeout packet to OFA. The appropriate offices are also notified that DHS will no longer be the payee for the child's benefits. Once OFA receives the closeout packet, closure of the trust account is to be completed within ten business days. This includes forwarding requests to close trust accounts, completing appropriate documentation, and issuing a net refund check (minus outstanding obligations) to the Social Security Administration, OCSE, or appropriate party. The remaining trust account balance is distributed as follows:

- If the conserved funds were received from the Social Security Administration, the funds are returned to SSA.
- If the conserved funds were received from OCSE and those funds are current child support distributed by OCSE after the month the child left care, then those funds are returned to OCSE. If the conserved funds were received from OCSE and those funds are arrears or are current child support distributed by OCSE through the month the child exited foster care, those funds are used to reimburse DCFS or the federal government for any unreimbursed board payments and fees paid to institutions.
- If there is still a remaining balance and the child is under eighteen (18) years of age, the conserved funds are returned to OCSE.
- If the child is eighteen (18) years of age or older, the Department has the option to forward the funds directly to the former foster child but most commonly returns those funds to OCSE.
- If there is an open ABLE account, the DCFS Eligibility Unit will work with the current legal guardian to complete the necessary paperwork to transfer the representative of that ABLE account from DCFS to the guardian.

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