

Action Requirement Based on the Result of the

Audit of Holt Children’s Services of Korea

June 2014

Office of Audit and Inspection, Ministry of Health and Welfare

【No】: 1

【Type of Action】: Notification, Caution

【Title】: Insufficient Pursuit of Domestic Adoption

【Improper Indications】

- According to Chapter 7 (Preferential Pursuit of Domestic Adoption) of the Special Adoption Law, an adoption agency must first do what is needed to find domestic adoptive parents for the child to be adopted.
 - If the adoption agency’s efforts fail, the agency must share the child’s information with other related agencies to pursue a domestic adoption. International adoption can be only pursued after these efforts.

[Table 1] Current Adoption Procedure

<p>1st Phase (Relinquishment - 1 month)</p> <p>The adoption agency that received the child for adoption must try to find domestic adoptive parents.</p>	→	<p>2nd Phase (1-5 months)</p> <p>Utilizing the ACMS adoption information management system, the matching of adoptive parents must be pursued in collaboration with other adoption agencies.</p>	→	<p>International adoption</p> <p>Report of the result of the preferential pursuit of domestic adoption</p>
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- According to the 2012 *Adoption Practice Manual* by the Ministry of Health and Welfare, domestic adoption must be pursued so that the final adoption consultation takes place at least five months after the child is relinquished for adoption.
 - Efforts for finding domestic adoptive parents must be recorded in the “Record of Domestic Adoption Trials,” and the record should include details on how the adoption information management system was utilized, and how the agency has collaborated with other agencies.

A. Failure to Meet the Period of the Preferential Pursuit of Domestic Adoption

- In order to pursue international adoption, Holt Children’s Services of Korea (“Holt” hereafter), must try to find domestic parents for at least five months. However:
 - Holt failed to abide by this rule for 17 (14.8%) of 115 children born after August 5, 2012, as shown in Table 2.
 - The Dept. of Children’s Welfare Policy in the Ministry of Health and Welfare permitted child “K20120480” to emigrate without confirming whether there was enough effort for domestic adoption.

[Table 2] Preferential Pursuit Period of Domestic Adoption

Period	69-150 days	151 - 331 days
115	17 (14.8%)	98 (85.2%)

B. Insufficient Utilization of Adoption Information Management System

- According to Chapter 7 of the Special Adoption Law, Holt has to utilize the ACMS adoption information management system to find prospective domestic adoptive parents. However:
 - Holt failed to pursue domestic adoption using the adoption information system, and there is no example of connecting prospective adoptive parents registered in other agencies.
- Regarding this, Holt explained that:
 - There are more children to be adopted than the number of prospective adoptive parents and many prospective adoptive parents prefer “healthy female babies.”
 - Holt has not been utilizing the ACMS adoption information management system because the current adoption information management system is not stable and there is no standard for sharing the cost of connecting prospective adoptive parents registered in other agencies.

C. Management Failure of the Domestic Adoption Trial Record

- During the 2008 Ministry of Health and Welfare audit, it was pointed out that Holt has not kept records of the preferential pursuit of domestic adoption.
 - Even though the Dept. of Family Support of the Ministry of Health and Welfare required in the written document named “Request to Submit the Domestic Adoption Trial Record to Apply for Emigration” (July 14, 2009, #1155) to draw up and manage the document “Domestic Adoption Trial Record,”
 - Holt did not keep the “Domestic Adoption Trial Record” for 141 out of 297 adoptees and 14 out of 62 adoptees in 2012 and 2013, respectively.

【Actions Required】

- The Office of Population and Children’s Affairs (Dept. of Children’s Welfare) is requiring Holt to:
 - Take actions to abide by Chapter 39 of the Special Adoption Law and Chapter 31 of its enforcement regulation;
 - Take measures concerning the fact that Holt has not been using the ACMS adoption information management system;
 - And pay special attention regarding emigration approval without confirmation of procedure. Such incidents should not be repeated. (Notification, Precaution)

【Number】: 2

【Action Type】: Notification

【Title】: Insufficient Deliberation Period

【Improper Indications】

- According to Chapter 13 (Conditions of Adoption Agreement) of the Special Adoption Law and the Adoption Practice Manual (by Ministry of Health and Welfare), a child is taken from the birth parents after at least one week following birth. This period to deliberate on adoption is there in order to:
 - Prevent a hasty adoption decision during the time the mother’s mind is not stable immediately after the birth and
 - Allow the mother to spend certain amount of time with the baby to consider the adoption thoroughly.
- Since the enforcement of the law (August 5, 2012), Holt must allow birth parents to protect the child at least for one week after the birth and
 - Never take the child from his/her birth parents before the deliberation time is over.
- 567 children (94.5%) out of 600 who were born after August 5, 2012 were taken from their birth parents after seven days.
 - However, 33 children (5.5%) were taken from their birth parents before the seven days had passed. (Shown in Table 1).

[Table 1] Number of Days Children Spent with Their Birth Parent(s)

Total	0-7 days	8 days	9 days	10 days	11-15 days	16-20 days	21- 30 days	31-231 days	Remarks (adoption cancelled)
600	33	97	56	41	133	82	82	76	(50)
100%	5.5%	16.2%	9.3%	6.8%	22.2%	13.7%	13.7%	12.7%	(8.3%)

- Number of children taken from birth parents within seven days before the enforcement of the law: 1,022 (out of 1,299, 78.7%)

【Actions Required】

- The Office of Population and Children’s Affairs (Dept. of Children’s Welfare) is requiring Holt, which has failed to observe Chapter 13 of the Special Adoption Law to:
 - Abide by Chapter 39 of the same law and Chapter 31 of its enforcement regulation.
 - Pay special attention and cautiously supervise adoption agencies so there is no recurrence. (Notification)

【Number】: 3

【Action Type】: Improvement, Precaution

【Title】: Regarding Negatives Such as the Increase in Fee for International Adoption Arrangement

【Improper Indication】

- According to Chapter 32 of the Special Adoption Law and Chapter 6 of its enforcement regulation,
 - An adoption agency can charge the adoptive parents for the cost of labor, child rearing expenses, the cost of arrangement, agency overhead, etc. with the approval of the Minister of Health and Welfare.
- Therefore, when an adoption agency needs to decide on the adoption arrangement fee, it needs to obtain an approval from the Ministry of Health and Welfare.
 - However, Holt failed to do so twice after 2010.
 - ※ Fee increase in 2010: \$11,000 → \$13,000 (US), €8,710 → €9,710 (EU)
 - Fee increase in 2013: \$13,000 → 14,000 (US), €9,710 → €9,710 (EU)
- And unlike the domestic adoption fee, there are no guidelines approved by the Minister of Health and Welfare for the international adoption fee.
 - The three different agencies working in international adoption (Holt, ○○○○ adoption agency and □□□□ adoption agency) charge different amounts for adoption, as shown in Table 1.

[Table 1] International Adoption Fee (2013)

	US	Denmark	Norway	France	Luxemburg	Sweden, Italia	Canada	Australia
Holt	\$14,500	€11,210	€11,210	€11,210	€11,210			
○○○○	\$20,040 (AIAA) \$17,000 (CHSM)					€14,500	CAD 22,3000	
□□□□	\$16,500							\$16,500

- Also, from the inspection of income and expenditure regarding the adoption of 62 children in 2013:
 - During the average rearing period of 26 months (shown in Table 2), the total income was KRW 1,832,320,000 (adoptive parents paid KRW 917,610,000; government KRW 663,610,000, and donation KRW 251,090,000) so it was an average of KRW 29,550,000 per child.
 - However, the total expenditure was KRW 2,279,890,000, which makes the expenditure per child KRW 36,770,000.

[Table 2] Income and Expenditure for International Adoption

(Unit: KRW)

Income			Expenditure		
Source	Amount	Avg. per Child		Amount	Avg. per Child
Total	1,832,327,786	29,553,673	Total	2,279,899,860	36,772,579

Adoptive Parents	○○○○○	845,404,000	13,635,548	○○○	54,370,904	876,950
	○○○○○○	72,208,540	1,164,654	○○○	120,525,838	1,943,965
Government Support	○○○	608,817,700	9,819,640	○○○○	941,323,900	15,182,644
	○○○○	54,800,000	883,871	○○	120,800,330	1,948,392
○○○○○		251,097,546	4,049,960	○○	73,421,800	1,184,223
				○○	4,555,800	73,481
				○○	787,723,144	12,705,212
				○○○○	177,178,144	2,857,712

- However, it has been discovered that the “Child Development Evaluation,” which only needs to be done two or three times per year, has been done every month (up to 28 times per child).
 - In addition, there are no guidelines for expenditures. Therefore, it is difficult to assess the propriety of the expenditure.

【Actions Required】

- The Office of Population and Children’s Affairs (Dept. of Children’s Welfare) is requiring Holt to:
 - Provide guidelines for expenditures and the international adoption fee.
 - Thoroughly observe the Special Adoption Law in guidance and supervision (Improvement, Precaution).

【Number】: 4

【Action Type】: Improvement

【Title】: Inadequate Assessment of Adoptive Parents

【Improper Indications】

- Chapter 4 (Principle of Adoption) and Chapter 10 (Qualification of Adoptive Parents) of the Special Adoption Law state that the adoption must be in the best interest of the child and the adoptive parents should have a “sufficient estate” to financially support the adoptee.
- However, there’s no standard for the “sufficient estate” to support the adoptee, and the Holt consultants are evaluating the prospective adoptive parents’ wealth to his/her liking
 - Therefore someone with no property or someone with only KRW 360,000 monthly income can be classified as qualifying, depending on Holt’s employees.

※ (Assessment of Adoptive Parent’s Wealth) Monthly income should be above the average monthly income of urban workers; Applicants in their 50s should own a house; if an applicant is a pastor who is provided with housing, education and living expenses, more flexible criteria can be applied.

[Table 1] Cases Where Adoptive Parents May Not Have a Sufficient Estate

(Unit: 1000 KRW)

Adoptee		Adoptive Father’s Estate				Adoptive Mother’s Estate				Confirmation Documents
K-No	Name	Annual Income	Movable Assets	Real Estate	Debt	Annual Income	Movable Assets	Real Estate	Debt	
K20120515	○○○	Farming	-	Own	-	-	-	-	-	Consulting, Tax Verification
K20130100	△△△	3,600	20,000	-	-	-	-	-	-	Cash Income Detail, Sponsor Agreement
K20130093	□□□	10,000	-	-	-	-	-	-	-	Income Verification

【Actions Required】

- The Office of Population and Children’s Affairs (Dept. of Children’s Welfare) requests that Holt:
 - Provide guidelines for the assessment of sufficient wealth of the prospective adoptive parents. (Improvement)

【Number】: 5

【Action Type】: Notification

【Title】: Improper Investigation of Prospective Adoptive Families

【Improper Indications】

A. Improper Investigation of Prospective Adoptive Families

- According to Chapter 8 of the Enforcement Regulations of the Special Adoption Law, when a prospective adoptive parent applies for an investigation,

- The applicant’s home, workplace, and neighbors should be visited at least twice (including one visit without notice). When the applicant is believed to qualify, an “Adoptive Family Report” is made.
- However, in 46 cases out of 133 adoptions in 2013, Holt only paid one visit to prospective adoptive families
 - In 86 cases, the prospective adoptive parents had been pre-informed of the visit (as shown in Table 1).

[Table 1] Improper Investigation of Adoptive Families in 2013

	Seoul (25)	Gyeonggi (5)	Busan (20)	Incheon (13)	Daegu (11)	Gwangju (7)	Gang- won (19)	Chung- cheong (16)	Jeon- buk (9)	Gyeong- nam (8)	Total (133)
No visit without notice	25	4	-	11	5	5	19	16	1	-	86
One visit	11	1	-	-	-	2	19	13	-	-	46

B. Improper Adoption Procedure

- According to the 2012 *Adoption Practice Manual*, when an adoption is carried out:
 - The prospective adoptive parents are thoroughly investigated by visitation, criminal record check, investigation into prospective adoptive parents’ educations, etc.
- Holt should connect prospective adoptive parents and adoptees only after the “Adoptive Family Investigation Report” is issued. However,
 - There have been 29 cases of adoptions which were completed without the adoptive family investigation. For “Seoul 2013-16” and “Seoul 2013-28,” the “Adoptive Family Investigation Reports” were issued 46 days after the adoption was completed.
 - Table 2 shows the adoptions that were cancelled because of the above improper procedure.

[Table 2] Adoption Cancellation Cases

No	Serial No	Submission date of the Report	Date the Report was written	Date of Adoption	Submission of documents	Delay in Reporting	Remarks
1	Seoul 2013-25	2013-06-18	2013-07-30	2013-07-23	2013-08-01	7	Cancelled on 2013-08-20
2	Seoul 2013-40	2013-10-02	2014-01-20	2014-01-14	-	6	Cancelled on 2014-01-27

【Actions Required】

- The Office of Population and Children’s Affairs (Dept. of Children’s Welfare) is requiring Holt to take measures regarding the insufficient investigation of prospective adoptive parents according to Chapter 39 of the Special Adoption Law and Chapter 31 of its enforcement regulations. (Notification)

【Number】: 6

【Action Type】: Precaution, Notification

【Title】: Improper Agreements with Overseas Adoption Agencies

【Improper Indications】

- Holt has agreements with 10 overseas adoption agencies regarding adoption arrangements.

[Table 1] Overseas Adoption Agencies with Agreements with Holt

	Name of the Agency	Operating Area
US	□□□□ □□□□ □□□□	8 states
	□□□□ □□□□ □□□□	7 states
	□□□□ □□□□ □□□□	5 states
	□□□□ □□□□ □□□□	4 states
	□□□□ □□□□ □□□□	2 states
	□□□□ □□□□ □□□□	5 states
EU	□□□□ □□□□	All areas of ****
	□□□□ □□□□	All areas of ***
	□□□□ □□□□	All areas of *****
	□□□□ □□□□	All areas of ***

- According to Chapter 4 (Details of the Agreement Regarding Adoption Task) of the Enforcement Ordinance of the Special Adoption Law, the agreements should:
 - Include a plan for hiring child welfare specialists who can assess adoptive families and investigate the acclimatization of children and education.
- However, the agreements Holt made do not include such plans
 - And there is no legal basis to request Holt to hire a child welfare specialist to perform the family investigation or provide follow-up management.

【Actions Required】

- The Office of Population and Children's Affairs (Dept. of Children's Welfare) is requiring Holt to:
 - Check and revise the agreements Holt has made with overseas adoption agencies to observe the Special Adoption Law.
 - Complement the plan to hire a child welfare specialist, if it was omitted. (Precaution, Notification).

【Number】: 7

【Action Type】: Notification

【Title】: Improper Follow-up Management of Domestic Adoption

【Improper Indications】

- According to Chapter 25 (Providing Follow-up Management) of the Special Adoption Law and the 2012 Adoption Practice Manual, after the adoption is complete, the agency should interact with the adoptive parents and the child and provide the follow-up management service for a year.
 - The investigator of the agency must submit written a report which includes basic details and related details regarding the child and the adoptive parents, photographs, and the investigator’s opinion.
- However, from August 2012-2013, Holt did not have reports for 13 cases (14%) out of 92 adoptions.
 - Also, as shown in Table 1, the investigator wrote reports based on phone calls instead of actual visits.

[Table 1] Cases of “Follow-up Family Investigation Reports” Written Without Visits

No	Child Number	Adoption Completion Date	First Follow-up Date	Final Follow-up Date	Date of Family Visit	Date of Report	Remarks
1	KS20120509	2012-12-27	2013-01-03	2014-03-22	-	2013-03-14	Family not visited
2	KS20120573	2013-03-20	2013-06-07	2013-11-05	-	2013-10-30	Family not visited
3	KS20120550	2013-04-16	2013-04-16	2014-01-15	-	2014-01-15	Family not visited
4	KS20130129	2013-08-16	2014-01-15	2014-03-17	2014-03-17	2014-01-15	Report based on phone call

【Actions Required】

- The Office of Population and Children’s Affairs (Dept. of Children’s Welfare) is requiring Holt to:
 - Take measures to observe Chapter 39 of the Special Adoption Law and Chapter 31 of its enforcement regulation and
 - Supervise employees so that such incidents are not repeated. (Notification).

【Number】: 8

【Action Type】: Notification (3)

【Title】: Inadequate Reports on Adopted Children

【Indications of Inadequacy】

- According to Chapter 21 of the Special Adoption Law and Chapter 22 of its enforcement regulations, the head of the adoption agency must report the delivery of the child to the adoptive parents without delay to the local government.

- Based on this report, the local government manages payments to the adoption agency, such as a monthly allowance and a child-raising fee. Therefore the report must not be delayed and should be made as soon as the child is delivered to the adoptive parents.
- However, Holt did not report the delivery of the children to the local government.
 - From investigating the cases of 36 overseas adoptees reported as emigrating to ○○ district of ○○ city,
 - The child-raising fee of 40,000 KRW per child was paid for four children even after they had departed as shown in [Table 1]

[Table 1] Cases of the Child Benefits Paid after the Children Departed

No	Name	Date of Birth	Date of Departure	Local Gov't	Date of the Last Payment	Excess Payment (KRW)	Remarks
1	***	05-17-2010	10-26-2013	**gu, **city	11-2013	100,000	Benefits paid after departure
2	***	11-12-2010	10-26-2013	**gu, **city	11-2013	100,000	Benefits paid after departure
3	***	11-24-2011	11-29-2013	**gu, **city	12-2013	100,000	Benefits paid after departure
4	***	12-06-2011	11-30-2013	**gu, **city	12-2013	100,000	Benefits paid after departure

【Actions Required】

- The Office of Population and Children's Affairs (Dept. of Children's Welfare) is requiring Holt to report the children's departures to the local government without any delay as stated in Chapter 21 of Special Adoption Law (Notification).
- The chairman of Holt should return the excess child-raising fee to the local government.
- The director general of childcare policy should inform the employees so that no more child-raising benefit is paid for children who have already departed and collect the excess amount paid. (Notification)