

REPORT OF THE GOVERNOR

**Financial and Management
Review of State Agencies**

TO THE GENERAL ASSEMBLY OF VIRGINIA



HOUSE DOCUMENT NO. 13

**COMMONWEALTH OF VIRGINIA
RICHMOND
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Commonwealth of Virginia

Office of the Governor

Robert F. McDonnell
Governor

March 14, 2012

The Honorable G. Paul Nardo
Clerk
Virginia House of Delegate
Post Office Box 406
Richmond, Virginia 23218

The Honorable Susan Clarke Schaar
Clerk
Senate of Virginia
Post Office Box 306
Richmond, Virginia 23218

Dear Paul and Susan:

Pursuant to Chapter 828 § 4. (2010), please find attached a report on the operational and programmatic performance reviews of certain public agencies.

Delegate Lingamfelter's 2010 legislation directed the Office of the Governor to initiate operational and programmatic performance reviews of (i) the agencies under the Secretary of Health and Human Resources and the Secretary of Public Safety, (ii) the Department of Education, including primary and secondary education funded by the Commonwealth, and (iii) any other department, agency, or program of the Commonwealth in the executive branch of state government that I deem necessary to effect savings in expenditures, a reduction in duplication of effort, and programmatic efficiencies in the operation of state government.

My Administration continues to prioritize efficient management and reform as we seek to maximize and protect the public dollar.

This report details the progress of the Secretariats of Health and Human Resources and Public Safety pursuant to the enabling legislation.

Please find included in this report a summary of action.

Sincerely,

A handwritten signature in black ink that reads "Robert F. McDonnell". The signature is written in a cursive style with a large, prominent "R" and "M".

Robert F. McDonnell

PREFACE

Enabling Authority

Chapter 828 § 4. (Regular Session, 2010)

Operational and programmatic performance review of the agencies under (i) the Secretary of Health and Human Resources, (ii) the Secretary of Public Safety, (iii) the Department of Education, including primary and secondary education funded by the Commonwealth, and (iv) any other department, agency, or program of the Commonwealth in the executive branch of state government that the Governor deems necessary to effect savings in expenditures, a reduction in duplication of effort, and programmatic efficiencies in the operation of state government.

Staff Assigned

The Honorable William Hazel, M.D.
Secretary of Health and Human Resources

The Honorable Marla Graff Decker
Secretary of Public Safety

The Honorable Laura Fornash
Secretary of Education

TABLE OF CONTENTS

PREFACE.....	3
Enabling Authority	3
Staff Assigned	3
TABLE OF CONTENTS	4
HEALTH AND HUMAN RESOURCES.....	5
Department of Medical Assistance Services (DMAS)	5
Virginia Department of Social Services (VDSS)	5
PUBLIC SAFETY.....	7
Virginia Department of Corrections (VADOC).....	7
DEPARTMENT OF EDUCATION	9
Department of Education (DOE)	9

HEALTH AND HUMAN RESOURCES

The Secretary of Health and Human Resources contracted with CGI Technologies and Solutions, Inc. to provide operational and programmatic performance reviews of the Department of Medical Assistance Services (DMAS) and the Virginia Department of Social Services (VDSS). This review will provide opportunities to identify savings in expenditures, reduction of duplicative efforts and continued programmatic and management efficiencies in the operation of the agencies.

The review is in progress and continues to seek attainment of the objectives outlined below.

Department of Medical Assistance Services (DMAS)

The following objectives were identified by the Secretary of Health and Human Resources to be considered by the vendor during review:

- Identify gaps in DMAS' completed corrective action and compliance plans for all audit findings regarding critical DMAS business processes from whatever source for the last five years and provide recommendations to close the gaps;
- Review DMAS management's corrective action plans associated with currently outstanding audit findings from whatever source for their adequacy and general compliance with the DMAS Mission and with executive management objectives; and
- Review DMAS Performance Budgeting measures in light of the previous two objectives and assess the degree to which the Secretary's/DMAS management's objectives for critical DMAS business processes are being met. Identify performance gaps regarding the existing measures and make recommendations for tightening and improvement.

The review to identify gaps in DMAS' completed corrective actions and compliance plans for previous audits has been finalized and will be released when the Secretary of Health and Human Resources completes his review of the findings. The remaining reviews are ongoing and will be reported to the General Assembly upon completion and review by the Secretary of Health and Human Resources. It is anticipated those reviews will be received by the Secretary of Health and Human Resources on or about May 28, 2012.

Virginia Department of Social Services (VDSS)

The following objectives were identified by the Secretary of Health and Human Resources to be considered by the vendor during review:

- Identify specific strengths and gaps in VDSS' and LDSS' compliance procedures and corrective actions consistent with the eligibility, program and fiscal requirements outlined in the Social Security Act, Title IV-E requirements for foster care.

- Provide a detailed analysis and recommendations for improvements to existing management structures, or implementation of alternative management structures, to improve efficiencies in compliance and reduction of error findings (federal requirements) and audit findings for Title IV-E Foster Care.
- Identify specific strengths, weaknesses and gaps in Virginia's current and alternative management structures, with a focus on data system integration options, for managing a fiscally sound and consistent statewide adoption assistance (subsidy) program.

The review is ongoing and will be reported to the General Assembly upon completion and review by the Secretary of Health and Human Resources. The final report should be available on or about June 29, 2012.

PUBLIC SAFETY

The Secretary of Public Safety contracted with a vendor to provide operational and programmatic performance reviews of the Virginia Department of Corrections (VADOC).

Virginia Department of Corrections (VADOC)

In April 2011, the Virginia Department of Correction (VADOC) contracted with MGT of America, Inc. to conduct a review of the efficiency of its operations and programs.

The following objectives were identified by the Secretary of Public Safety to be considered by the vendor during review:

- Population Management: review of current strategies, tools and their effectiveness;
- Central Office and Support Functions: analysis of efficiency and performance in the department's administrative offices;
- Health Care: assessment of delivery approaches and administration;
- Institutional Operations: comprehensive operational reviews of the Red Onion, Caroline Dillwyn, Sussex I, Harrisburg, Marion, Deerfield, VCCW, Powhatan, Nottoway, Coffeewood, James River Work camp, Fluvanna, Indian Creek facilities; and
- Re-entry and community Programs: review of program models and delivery including facilities site visits.

In June 2011, MGT of America, Inc., provided a Finding & Recommendations report to the Secretary of Public Safety.

According to the report, the organization, management and operation of VADOC programs and facilities exhibit the following key strengths:

- Extremely stable, long-term leadership and management team.
- Strong central office management/control over key functions.
- Well-managed professional facility operations.
- Overall effective security systems, procedures and practices that are consistently applied throughout the system.
- Strong system-wide commitment to re-entry and the principles of Evidence Based Practices.
- Effective information technology development and support particularly given the minimal amount of staff resources devoted to the program.
- The basic structure of the major medical services provided at the facilities clearly provided adequate care.

The review also identified the following significant issues:

- Lack of change in middle and senior management diminished innovation, receptivity to change, and opportunities for promotion and staff development.

- There is an apparent disconnect between Central Office and field perceptions of operational policies and actual practices.
- Staff training delivery should be improved and better aligned with department/facility needs.
- Certain administrative functions should be streamlined to achieve greater efficiencies and better align organizational reporting relationships.
- Facility relief factors are outdated.
- Over-classification of inmates may be blocking internal movement of offenders both from reception and from higher security facilities.
- The culture and infrastructure of the department is in transition in order to fully maximize the benefits of the re-entry initiative.

The Secretary of Public Safety received and continues to evaluate recommendations for continued improvement and opportunities to maximize efficiencies.

DEPARTMENT OF EDUCATION

Department of Education (DOE)

The Virginia Department of Education (DOE) continues to be managed by prioritizing cost savings in expenditures, avoidance of duplicative efforts and seeks programmatic efficiencies in the operation of the Department mission.

The legislation required that “*Savings resulting from the recommendations that are accepted by the Governor or General Assembly shall be used first to reimburse the general fund or the applicable program or agency for the cost of the review.*” There were not sufficient appropriated funds to conduct such a review. The Department continues to administratively seek to minimize cost and identify opportunities to leverage shared services.

The Secretary of Education continues to identify areas for improvement with the expectation that a review would be conducted when funds or support is identified.

