



COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

September 1, 2013

MEMORANDUM

TO: Honorable Robert F. McDonnell
Governor of Virginia

Honorable Walter A. Stosch
Chairman, Senate Finance

Honorable Lacey E. Putney
Chairman, House Appropriations

Daniel S. Timberlake, Director
Department of Planning & Budget

FROM: Margaret Ross Schultze
Commissioner

A handwritten signature in black ink, appearing to read "Margaret Ross Schultze".

SUBJECT: Annual Report on Foster Care Spending, Error Rates & Compliance with State & Federal Reviews

I am pleased to submit the first Annual Report on Foster Care Spending, Error Rates & Compliance with State & Federal Reviews, prepared pursuant to Item 336 (F) (2) of the 2013 Appropriation Act. If you have questions or need additional information concerning this report, please contact me.

MRS:kc

Enclosure

Report on Foster Care Spending, Error Rates and Compliance with State and Federal Reviews

September 1, 2013

Report Mandate

The 2013 Appropriation Act, Item 336 (F) (1), provides ten positions and associated funding for ongoing financial oversight of foster care services, effective July 1, 2013. Item 336 (F) (2) directs the Department of Social Services (Department) to, by September 1 of each year, report on the foster care program's statewide spending, error rates and compliance with state and federal reviews:

F. 1. Out of this appropriation, ten positions and the associated funding shall be dedicated to providing on-going financial oversight of foster care services. Each of the ten positions, with two working out of each regional office, shall assess and review all foster care spending to ensure that state and federal standards are met. None of these positions shall be used for quality, information technology, or clerical functions.

2. By September 1 of each year, the department shall report to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department of Planning and Budget regarding the foster care program's statewide spending, error rates and compliance with state and federal reviews

Foster Care Spending

The Department reports a decrease in foster care spending due to reduced expenses for residential placements and time that children are in foster care. Title IV-E maintenance allocations for SFY 2013 totaled \$49,847,158. End-of-year expenditures totaled \$43,260,714.

Expenditures will continue to be in line with services and federal requirements for improved compliance and additional financial accountability. The Department will continue with intensive reviews and supervision of foster care expenditures.

Error Rates and Compliance with State and Federal Review

Current staff looked at 2,359 individual cases during the compliance reviews. All local departments of social services (LDSS) with open cases were reviewed. An LDSS with one or more error cases was considered not to be in full compliance. Fifty two of the 120 agencies met these criteria, which equates to a 43% of LDSS not in full compliance. The dollar value of the errors reported in SFY 2013 totaled \$1,369,760. Virginia has reimbursed the federal share of these expenditures.

The Department expects to see significant reduction in the number of LDSS errors once all staff are in the field to provide ongoing training and tools for process improvements. Fewer errors result in a cost savings for the Commonwealth.