



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Margaret Ross Schultze
COMMISSIONER

September 1, 2014

MEMORANDUM

TO: Honorable Terence R. McAuliffe
Governor of Virginia

Honorable Walter A. Stosch
Co-Chairman, Senate Finance

Honorable Charles J. Colgan
Co-Chairman, Senate Finance

Honorable Chris S. Jones
Chairman, House Appropriations

Daniel S. Timberlake, Director
Department of Planning & Budget

FROM: Margaret Ross Schultze

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 second 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: pl

Attachment

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

September 1, 2014

Report Mandate

The 2013 Appropriations 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 (DSS) 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 federal reviews.

Foster Care Spending

For State Fiscal Year (SFY) 2014, there was an increase in foster care spending due to increases in the number of children and costs in residential placements. Title IV-E maintenance allocations for SFY2014 totaled \$40,752,662. End-of-year expenditures totaled \$43,078,799. Expenditures will continue to be in line with services and federal requirements for improved compliance and additional financial accountability. The DSS will continue with intensive reviews and supervision of foster care expenditures.

Error Rates and Compliance with State and Federal Review

There are ten full-time Title IV-E Consultants, conducting on-sight reviews in each of the five DSS regions. Beginning July 2013, reviews were focused on preparation for the federal secondary review, which was conducted in August 2013. The DSS also implemented a more intensive review process following the review results, which were received in January 2014. The threshold for passing the federal review was less than 15 error cases and payment errors not to exceed 10%. The final federal report showed 14 errors in the sample of 150 cases, resulting in an error rate of 9.3%. The 14 error cases cost the state a total of \$306,812. Virginia reimbursed the federal share of these expenditures. Eleven of the 14 errors were a result of undocumented safety verification information and three errors were for payment after adoptions were finalized. There were no errors due to eligibility determination, timeliness of judicial reviews or court orders.

Although Virginia passed the review, the results identified additional opportunities for improvement to verify safety requirements. The review process is now conducted in two phases with an initial (new) case validation done within 60 days of entry and ongoing follow-up for all open cases over the course of the year. The new case validation process began in January 2014

and the results by region are in the table below. To address the high error rate in the Northern region, intensive training and increased visits have been implemented. Many of the higher error rates were related to process and procedures in following guidelines. For example, cases were not being completed for review within the recommended timeframes or additional follow-up data collection was needed to resolve case errors. Title IV-E staff reviewed the issues, returned to conduct additional technical support and provided written follow-up needed to improve. When the technical support, follow-up reviews and subsequent verifications were completed in July 2014, the error rate for the Northern region on re-verification was on average 15%.

The internal report which tracks foster care errors in follow-up reviews has shown a reduction of 19.89% in overall error between the first and second round of reviews. Continued monitoring and additional supports and reviews of local departments of social services (LDSS) will be conducted to reduce the errors in all regions.

Region	LDSS Count	Number of cases reviewed	Number of total errors	Overall error rate
Central	35	232	23	9.9%
Eastern	30	347	34	9.8%
Northern	29	431	250	58%
Piedmont	35	457	51	11.2%
Western	41	228	8	3.5%
Total	170	1,695	366	21.6%

A total of ten full-time IV-E consultants reviewed 1,695 new cases on 170 visits at 100 LDSS between January and June 30, 2014. Localities with higher errors and frequently- opened new cases received multiple visits. Each LDSS with one or more error cases was considered not to be in full compliance. The table below shows the breakdown for the number of errors as well as the percentage of LDSS with errors.

# of LDSS	# of cases	# of errors	% of LDSS
109	856	0	64.12%
27	176	1	15.88%
7	30	2	4.12%
4	50	3	2.35%
5	71	4	2.94%
1	6	5	0.59%
2	14	6	1.18%
15	492	7 or more	8.82%