



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Margaret Ross Schultze
COMMISSIONER

September 1, 2015

MEMORANDUM

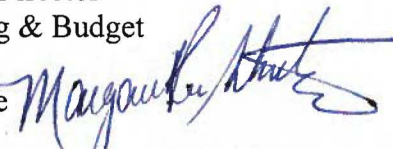
TO: Honorable Terence R. McAuliffe
Governor of Virginia

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 

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

I am pleased to submit the Annual Report on Foster Care Spending, Error Rates & Compliance with State & Federal Reviews, prepared pursuant to Item 334 (F)(2) of the 2015 Appropriation Act. If you have questions or need additional information concerning this report, please contact me.

MRS: kc

Attachment

A report of the
Department of Social Services
Commonwealth of Virginia

**Report on Foster Care Spending, Error Rates and
Compliance with State & Federal Mandates**

September 2015

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

September 1, 2015

Report Mandate

The 2013 Appropriation Act, Item 334 (F) (1), provided ten positions and associated funding for ongoing financial oversight of foster care services, effective July 1, 2013. Item 334 (F) (2) directed the Department of Social Services (VDSS) 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. This language continues in the 2015 Appropriation Act, Item 334:

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

The federal Foster Care Program helps to provide safe and stable out-of-home care for children until the children are safely returned home, placed permanently with adoptive families, or placed in other planned arrangements for permanency. This report documents the review of federally funded cases. The title IV-E program is authorized by title IV-E of the Social Security Act (42 USC § 601 et seq.), as amended, and implemented under the Code of Federal Regulations (CFR) at 45 CFR parts 1355, 1356, and 1357. It is an annually appropriated program with specific eligibility requirements and fixed allowable uses of funds. Funding is awarded by formula as an open-ended entitlement grant and is contingent upon an approved title IV-E plan to administer or supervise the administration of the program. VDSS must submit to the Administration for Children and Families' (ACF) Children's Bureau yearly estimates of program expenditures as well as quarterly reports of estimated and actual program expenditures in support of the awarded funds. Funds are available for monthly maintenance payments for the daily care and supervision of eligible children.

Periodic and systematic reviews of state title IV-E foster care eligibility programs are conducted by the ACF Children's Bureau to ensure federal funds are expended for intended purposes and to recover improper expenditures. Full implementation of the final regulatory rule for the monitoring review advanced the federal government's efforts in partnering with states to improve overall management of the foster care eligibility program and to secure safe foster care placements for children. States responded to the monitoring reviews by initiating program assessments and improvements to meet compliance standards in anticipation of the reviews or by developing and implementing program improvements as a result of the reviews. Since FY2000,

title IV-E foster care eligibility reviews have been conducted in each of the 50 states, Washington D.C., and Puerto Rico.

Virginia’s title IV-E maintenance expenditures for SFY2015 totaled \$42,511,963. Expenditures will continue to be in line with services and federal requirements for improved compliance and additional financial accountability. VDSS will continue with intensive reviews and supervision of foster care expenditures.

Error Rates and Compliance with State and Federal Review

The VDSS employs ten full-time title IV-E consultants, who conduct on-sight reviews in each of the five VDSS regions. Due to the ongoing oversight made possible by the appropriation of ten full-time staff, this was the first year all foster care cases where the child was determined IV-E eligible were reviewed.

Beginning in July 2013, reviews focused on preparation for the federal secondary review which was conducted in August 2013. The threshold for passing the federal review was less than 15 error cases from a sample of 150 cases and payment errors not to exceed 10%. The finalized federal report was issued in January 2014 and showed the error rate for Virginia was 9.3% with 14 error cases. Although Virginia passed the 2013 secondary review, the results also identified additional opportunities for improvement to verify safety requirements, which would need to be addressed by Virginia prior to the next federal primary review which is scheduled to be conducted in August 2016. The goal for all title IV-E errors is zero percent; however, to reach that ultimate goal, ongoing work is required to ensure training, technical support, and guidance are provided.

The title IV-E consultants administer two types of reviews for local departments of social services (LDSS): ongoing reviews and new case validations. Ongoing reviews are designed to provide continuous quality control and support to LDSS by reviewing all open title IV-E cases, at least once each fiscal year. New case validations are designed to review and ensure appropriate eligibility determinations are made within approximately 90 days of children entering foster care. This validation process ensures timely, appropriate, and maximum utilization of federal dollars.

New Case Validations

The results for the new case validations for SFY2015 are in the table below:

Region	Number of cases reviewed	Number of total errors	Overall error rate
Central	398	29	7.29%
Eastern	385	20	5.19%
Northern	519	25	4.82%
Piedmont	508	49	9.65%
Western	319	7	2.19%
Total	2,129	130	6.11%

Staff validated 2,129 new cases on 595 visits at 106¹ LDSS between July 1, 2014 and June 30, 2015. Those with higher errors and frequently opened new cases received multiple visits.

Local departments with one or more error cases were considered to be in non-compliance with state and federal guidance and regulations. Eighty-three of 106 LDSS reviewed between July 1, 2014 and June 30, 2015 had either zero or one error. The table below shows the breakdown for the number of LDSS with errors for new case validation reviews:

Number of LDSS reviewed	Number of cases validated	Number of errors identified
59	577	0
24	403	1
5	246	2
8	217	3
2	39	4
1	63	5
3	168	6
4	416	7 or more

Ongoing Case Reviews

Ongoing reviews were conducted in SFY2015 for the first time to include all open and active cases reported in the On-line Automated Services Information System (OASIS) during the period under review. During the review process, the consultants were required to review financial documents and reconcile the financial and OASIS data using the title IV-E federal review instrument utilized during a federal title IV-E review. The results for the ongoing reviews are in the table below:

Region	Number of cases reviewed	Number of total errors	Overall error rate
Central	387	21	5.43%
Eastern	453	23	5.08%
Northern	499	81	16.23%
Piedmont	592	77	13.01%
Western	363	12	3.31%
Total	2,294	214	9.33%

Staff reviewed 2,294 ongoing cases on 142 visits at 109² LDSS between July 1, 2014 and June 30, 2015. Local departments with higher errors received multiple visits. Local departments with one or more error cases were considered to be in non-compliance with state and federal regulations. Seventy-two LDSS (66%) of all LDSS reviewed had either zero or one error. The table below shows the breakdown for the number of LDSS with errors for ongoing case reviews:

¹ Note: Not all LDSS have title IV-E children. The reviews were conducted in 106 of the 120 LDSS

² Note: Not all LDSS have title IV-E children. The reviews were conducted in 109 of the 120 LDSS

Number of LDSS reviewed	Number of cases reviewed	Number of errors identified
52	427	0
20	296	1
11	208	2
4	176	3
6	337	4
4	115	5
2	90	6
10	645	7 or more

Addressing Agencies with Higher Error Rates

For agencies with higher error rates, VDSS has taken multiple actions to assist the LDSS in reducing their errors. These actions include providing training to specifically address the identified errors, assisting LDSS with the creation of required self-identified plans for addressing areas needing improvement, conducting subsequent reviews to ensure LDSS have taken the necessary steps to correct identified errors, and providing ongoing technical assistance through the availability of conference calls and emails.