



COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

Office of the Commissioner

Margaret Ross Schultze
COMMISSIONER

September 1, 2016

MEMORANDUM

TO: The Honorable Terence R. McAuliffe
Governor of Virginia

Members, Virginia General Assembly

FROM: Margaret Ross Schultze

A handwritten signature in blue ink, appearing to read "Margaret Ross Schultze", written over the printed name.

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

I am pleased to submit the Department of Social Services' annual report on foster care spending, error rates and compliance with state and federal reviews, prepared pursuant to Item 334 (F) of the 2015 Appropriation Act. If you have questions or need additional information concerning this report, please contact me.

MRS:kc

Attachment

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

September 1, 2016

Report Mandate

The 2015 Appropriation Act, Item 334 (F), provided ten positions and associated funding for ongoing financial oversight of foster care services. 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.

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 Virginia's title IV-E foster care programs are conducted by the Administration for Children and Families' 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 federal fiscal year (FFY) 2000, title IV-E Foster Care Eligibility Reviews have been conducted in each of the 50 States, Washington DC, and Puerto Rico.

Virginia’s title IV-E maintenance expenditures for state fiscal year (SFY) 2016 totaled \$53,167,130. 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

There are ten full-time title IV-E consultants employed by VDSS conducting on-site reviews of local departments of social services (LDSS), 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 second year all foster care cases where the child was determined IV-E eligible were reviewed.

During the week of August 15, 2016, Virginia participated in the federal primary review. For the first time, Virginia passed the primary federal review. While final results are still pending and will be included in the next quarterly report, Virginia was found to only have one error case out of the 80 cases reviewed. The work of reviewing all cases and ensuring they were correct from the beginning was the key to this successful review. Not only did Virginia pass the review, but the federal review team noted the outstanding work being done throughout Virginia in placement stability and moving children to permanency and out of the foster care system.

The title IV-E consultants administer two types of reviews for LDSS: ongoing reviews and new case validations. Ongoing reviews are designed to provide continuous quality control and support to the 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. During the course of reviews, agencies are allowed to correct errors to the extent possible while the title IV-E consultants are onsite.

New Case Validations

The results for the new case validations for SFY2016 by VDSS region are in the table below:

Region	Number of cases validated	Number of total errors	Overall error rate
Central	359	32	8.91%
Eastern	323	23	7.12%
Northern	607	31	5.11%
Piedmont	547	24	4.39%
Western	463	10	2.16%
Total	2,299	120	5.22%

Staff validated 2,299 new cases on 585 visits at 109¹ LDSS between July 1, 2015 and June 30, 2016. Local departments 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-one of 109 LDSS reviewed between July 1, 2015 and

¹ Note: Not all LDSS have title IV-E children. The reviews were conducted in 109 of the 120 LDSS.

June 30, 2016 had either zero or one error. The table below shows error results for new case validation reviews broken down by LDSS:

Number of LDSS reviewed	Number of cases validated	Number of errors identified
72	997	0
9	194	1
9	304	2
10	434	3
4	69	4
2	58	5
3	243	6 or more

Ongoing Case Reviews

Ongoing reviews were conducted in SFY2016 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	374	33	8.82%
Eastern	495	42	8.48%
Northern	590	75	12.71%
Piedmont	712	34	4.78%
Western	458	13	2.84
Total	2629	197	7.49%

Staff reviewed 2,629 ongoing cases on 124 visits at 110² LDSS between July 1, 2015 and June 30, 2016. Local departments with higher errors received multiple visits. Those with one or more error cases were considered to be in non-compliance with state and federal regulations. Seventy-eight LDSS (71%) of all LDSS reviewed had either zero or one error. The table below shows the results of the ongoing reviews:

Number of LDSS reviewed	Number of cases reviewed	Number of errors identified
50	593	0
28	574	1
8	306	2
7	279	3
5	146	4
4	134	5
8	597	6 or more

² Note: Not all LDSS have title IV-E children. The reviews were conducted in 110 of the 120 LDSS.