



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

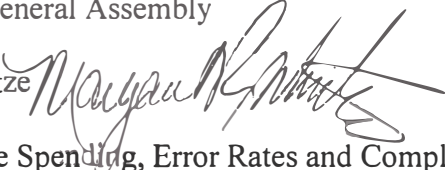
Margaret Ross Schultze
COMMISSIONER

September 1, 2017

MEMORANDUM

TO: The Honorable Terence R. McAuliffe
Governor of Virginia

Members, Virginia General Assembly

FROM: Margaret Ross Schultze 

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, prepared pursuant to Item 341 E of the 2017 Appropriation Act. If you have questions or need additional information concerning the report, please contact me.

MRS:kc

Attachment

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

September 1, 2017

Report Mandate

The 2017 Appropriation Act, Item 341 (E) (1), provided ten positions and associated funding for ongoing financial oversight of foster care services. Item 341 (E) (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 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 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.

Number of LDSS reviewed	Number of cases validated	Number of errors identified
65	904	0
20	277	1
10	324	2
4	137	3
1	44	4
4	75	5
8	392	6 or more

Ongoing Case Reviews

Ongoing reviews were conducted in SFY2017 to include a percentage of 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	116	14	12.07%
Eastern	149	18	12.08%
Northern	213	44	20.66%
Piedmont	217	21	9.68%
Western	198	10	5.05%
Total	893	107	11.98%

Staff reviewed 893 ongoing cases on 116 visits at 113² agencies between July 1, 2016 and June 30, 2017. Those with one or more error cases were considered to be in non-compliance with state and federal regulations. Ninety-four LDSS (83.19%) of all LDSS reviewed had either zero or one error. The table below shows the breakdown for the number LDSS with errors for ongoing case reviews:

Number of LDSS reviewed	Number of cases reviewed	Number of errors identified
63	255	0
31	248	1
6	164	2
3	30	3
6	110	4
3	41	5
1	45	6 or more

² Note: Not all LDSS have title IV-E children. The reviews were conducted in 113 of the 120 LDSS.