



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner


S. Duke Storen
COMMISSIONER

September 1, 2018

MEMORANDUM

TO: The Honorable Ralph S. Northam
Governor of Virginia

Members, Virginia General Assembly

FROM: S. Duke Storen 

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 339 E of the 2018 Appropriation Act. If you have questions concerning the report, please contact me.

SDS:kc
Attachment

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

September 1, 2018

Report Mandate

The 2018 Appropriations Act, Item 339 (E) (2), provided ten positions and associated funding for ongoing financial oversight of foster care services. Item 339 (E) (2) directed the Department of Social Services (VDSS), by September 1 of each year, to 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) 2018 totaled \$75,607,058. 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-sight reviews of local department of social services (LDSS), in each of the five VDSS regions. For the past four years, the availability of these consultants has allowed VDSS to review cases where the child had been determined IV-E eligible. The title IV-E positions and review process are instrumental in passing the upcoming 2019 title IV-E federal review.

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 100% of 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 90-120 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 SFY2018 by VDSS region are in the table below:

Region	Number of cases reviewed	Number of total errors	Overall error rate
Central	296	45	15.20%
Eastern	324	47	14.51%
Northern	667	100	14.99%
Piedmont	633	44	6.95%
Western	450	40	8.89%
Total	2370	276	11.65%

Staff validated 2,370 new cases on 348 visits at 112¹ agencies between July 1, 2017 and June 30, 2018.

Local departments with one or more error cases were considered to be non-compliant with state and federal guidance and regulations. Sixty-three of 112 LDSS reviewed between July 1, 2017 and June 30, 2018 had either zero or one error. The table below shows the breakdown for the number of errors for new case validation reviews:

Number of LDSS reviewed	Number of cases validated	Number of errors identified
43	441	0 errors
20	280	1 error

¹ Note: Not all LDSS have title IV-E children. The reviews were conducted in 112 out of 120 LDSS.

11	267	2 errors
11	191	3 errors
7	144	4 errors
4	247	5 errors
16	800	6 or more errors

Ongoing Case Reviews

Ongoing reviews were conducted in SFY2018 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	378	59	15.61%
Eastern	438	65	14.84%
Northern	554	103	18.59%
Piedmont	786	101	12.85%
Western	498	54	10.84%
Total	2654	382	14.39%

Staff reviewed 2,654 ongoing cases on 130 visits at 116² agencies between July 1, 2017 and June 30, 2018. Those with one or more error cases were considered to be non-compliant with state and federal regulations. 60 LDSS (42.86%) 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
45	449	0 errors
15	191	1 error
17	371	2 errors
12	253	3 errors
16	372	4 errors
4	153	5 errors
21	865	6 or more errors

In conclusion, the ten positions authorized by this act have allowed VDSS to continuously review LDSS over the past four years. These staff members continue to provide and support local departments in maintaining initial and ongoing federal funding requirements. These positions will remain vital to Virginia preparing and being successful for the 2019 title IV-E federal review scheduled for September 23-27, 2019, and all subsequent reviews.

² Note: Not all LDSS have title IV-E children. The reviews were conducted in 116 of the 120 LDSS.