



COMMONWEALTH of VIRGINIA  
DEPARTMENT OF SOCIAL SERVICES  
*Office of the Commissioner*

S. Duke Storen  
Commissioner

September 22, 2020

**MEMORANDUM**

**TO:** Honorable Ralph Northam  
Governor of Virginia

Honorable Janet D. Howell  
Chairman, Senate Finance

Honorable Luke E. Torian  
Chairman, House Appropriations

Honorable Mark D. Sickles  
Vice Chairman, House Appropriations

Daniel S. Timberlake, Director  
Department of Planning & Budget

**FROM:** S. Duke Storen *S. Duke Storen*

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

I am pleased to submit the Annual Report on Foster Care Spending, Error Rates and Compliance with State and Federal Reviews, prepared pursuant to Item 349 (E) (2) of the 2020 Appropriation Act. If you have questions or need additional information concerning this report, please contact me.

SDS/ep

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

**September 1, 2020**

## **Report Mandate**

The 2020 Appropriations Act, Item 349 (E) (2), provides ten positions and associated funding for the ongoing financial oversight of foster care services. Item 349 (E) (2) directs the Virginia 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.

*E. 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 and 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, the District of Columbia, and Puerto Rico.

Virginia’s title IV-E maintenance expenditures for state fiscal year (SFY) 2020 totaled \$62,508,697.83. Expenditures continued 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.

**2019 Title IV-E Primary Review**

The Children’s Bureau of the ACF conducted a primary review of Virginia’s title IV-E foster care program during the week of September 23, 2019. As a result of the review, the Virginia title IV-E foster care program was found to be in substantial compliance with federal eligibility requirements for the period under review (PUR), which was October 1, 2018 through March 31, 2019.

Virginia’s title IV-E foster care program has been found to be in substantial compliance in two consecutive title IV-E federal reviews. All of the 80 cases in the review were found to have timely and well-documented judicial determinations as well as meeting the requirements for the Aid to Families with Dependent Children. The two error cases and the five non-error cases with ineligible payments were a result of payments being made for a period during the PUR for a foster home that was not fully licensed due to an identified issue with Virginia’s guidance around the emergency approval process for foster homes. The total financial repayment for disallowed errors totaled \$10,058, which, according to the Children’s Bureau, is one of the lowest financial repayments they have encountered as a result of a review. During the exit interview, the Children’s Bureau praised the quality assurance and IV-E review process that VDSS has in place and attributed much of the success of the primary review to the knowledge of the title IV-E consultants.

**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. The availability of these consultants has allowed VDSS, for the past five years, to review cases where the child had been determined IV-E eligible. The title IV-E positions and review process led to the passing of the 2019 title IV-E federal review and will continue to be important in passing future title IV-E federal reviews.

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 a percentage 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.

**New Case Validations – July 2019 through December 2019**

The results for the new case validations for SFY2020 by VDSS region are in the table below:

<b>Region</b>	<b>Number of cases reviewed</b>	<b>Number of total errors</b>	<b>Overall error rate</b>
Central	162	34	20.99%
Eastern	237	24	10.13%
Northern	342	52	15.20%
Piedmont	388	29	7.47%

Western	226	13	5.75%
Total	1356	152	11.21%

Staff validated 1,356 new cases on 195 visits at 109 agencies<sup>1</sup> between July 1, 2019 and December 31, 2019.

**Ongoing Case Reviews – July 2019 through December 2019**

Ongoing reviews were conducted in SFY2020 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 verify the eligible IV-E payments and OASIS data using the title IV-E federal review instruments 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 federal errors	Overall federal error rate
Central	74	17	22.97%
Eastern	240	44	18.33%
Northern	234	41	17.52%
Piedmont	419	62	14.80%
Western	144	19	13.19%
Total	1111	183	16.47%

Staff reviewed 1,111 ongoing cases on 48 visits at 48 agencies<sup>2</sup> between July 1, 2019 and December 31, 2019.

**Quarterly QA Review – January 2020 through June 2020**

Effective January 1, 2020, the review process in regards to title IV-E on-site reviews changed to combine the new case validations and ongoing reviews into a single review process called a Quarterly QA Review. The new case validations and ongoing reviews continue to be completed during the review; however, the number of open title IV-E cases reviewed during the ongoing review was changed from 100% of open cases to a tiered percentage based on previous fiscal year error percentages. The Quarterly QA Review results are provided in one report to the LDSS combining the new case validation cases and ongoing cases into one title IV-E error rate, instead of an error rate for each type.

The COVID-19 pandemic greatly impacted the ability of the title IV-E consultants to complete reviews and due to health concerns, no on-site reviews were conducted between mid-March and June 2020. As a result, the title IV-E consultants quickly transitioned to a remote review process and were able to continue to review almost all new case validations that were scheduled. Unfortunately, during this time, due to staffing constraints by the LDSS and lack of uniform review process, the ongoing review portion of the Quarterly QA Reviews were not completed.

The results for the Quarterly QA Reviews for SFY2020 by VDSS region are in the table below:

<sup>1</sup> Note: Not all LDSS have title IV-E children. The reviews were conducted in 109 out of 120 LDSS.

<sup>2</sup> Note: Not all LDSS have title IV-E children and not all LDSS had an ongoing review between July 1 and December 31, 2020. The reviews were conducted in 48 of the 120 LDSS.

<b>Region</b>	<b>Number of cases reviewed</b>	<b>Number of total errors</b>	<b>Overall error rate</b>
Central	269	95	35.32%
Eastern	292	57	19.52%
Northern	325	51	15.69%
Piedmont	457	45	9.85%
Western	339	19	5.6%
Total	1,682	267	15.87%

Staff reviewed 1,682 cases on 187 visits at 110 agencies<sup>3</sup> between January 1, 2020 and June 30, 2020.

### **Year End Results**

Local departments with one or more error cases were considered to be in non-compliance with state and federal guidance and regulations. Forty-eight of 120 LDSS reviewed between July 1, 2019 and June 30, 2020 had either zero or one error. The table below shows the LDSS breakdown for the number of errors for all reviews (new funding, ongoing, Quarterly QA) throughout SFY 2020:

<b>Number of errors identified</b>	<b>Number of LDSS reviewed</b>	<b>Number of cases reviewed</b>
0 errors	31	285
1 error	17	245
2 errors	14	523
3 errors	10	433
4 errors	6	186
5 errors	6	189
6 or more errors	36	2183

In conclusion, the ten positions authorized by the act have allowed VDSS to continuously provide financial oversight of foster care services over the past five years. The staff in the dedicated positions continue to provide and support LDSS in maintaining initial and ongoing federal funding requirements. These positions remain vital to Virginia being successful in upcoming title IV-E federal reviews.

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<sup>3</sup> Note: Not all LDSS have title IV-E children and many reviews were cancelled due to COVID-19. Also, due to COVID-19, reviews were switched from an on-site review to a remote review.