



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

Danny TK Avula MD, MPH  
Commissioner

January 30, 2024


**MEMORANDUM**

**TO:** The Honorable Glenn Youngkin  
Governor of Virginia

The Honorable Louise L. Lucas  
Chair, Senate Finance & Appropriations Committee

The Honorable Luke E. Torian  
Chair, House Appropriations Committee

Michael Maul, Director  
Department of Planning & Budget

**FROM:** Danny TK Avula MD, MPH 

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

This report is submitted in compliance with Item 340.E. of the 2022 Appropriations Act, which states:

*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 federal reviews.*

Please contact me should you have questions at (804) 726-7011.

DA:kc

Attachment

cc: The Honorable John Littel, Secretary of Health and Human Resources

**Virginia Department of Social Services  
Annual Report on Foster Care Spending, Error Rates and  
Compliance with State and Federal Reviews  
September 2023**

**Report Mandate**

Item 340.E. of the 2022 Appropriation Act

*E.1. Out of this appropriation, 10 positions and the associated funding shall be dedicated to providing on-going financial oversight of foster care services. Each of the 10 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 and Appropriations 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.*

**Background**

The federal foster care program helps to provide safe and stable foster care, congregate care, and kinship placements for children until they are safely returned home or placed permanently with relatives or adoptive families. 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 yearly estimates of program expenditures to the Administration for Children and Families' (ACF) Children's Bureau 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 ACF Children's Bureau to ensure federal funds are expended for intended purposes and to recover improper expenditures. The federal government's efforts in partnering with Virginia aided in securing 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 implementing program improvements after the reviews. Since federal fiscal year (FFY) 2000, title IV-E Foster Care Eligibility Reviews have been conducted in all 50 states, plus Washington DC and Puerto Rico.

### **2019 Title IV-E Primary Review**

The ACF Children's Bureau conducted a primary review of Virginia's title IV-E foster care program which took place in September 2019. As a result of the review, the Virginia title IV-E foster care program was found to be in compliance with federal eligibility requirements for the period under review (PUR) of October 1, 2018 through March 31, 2019. Virginia had 80 cases in the review which had timely and well-documented judicial determinations and met all requirements for Aid for Families with Dependent Children (AFDC). There were two cases with federal errors and five cases with non-federal errors (non error cases). The cases with non-federal errors resulted in payments being made for a foster home that was not fully licensed. The total financial repayment for these errors totaled \$10,058, which according to the Children's Bureau, is one of the lowest financial repayments as the result of a review that they have encountered anywhere in the country. During the exit interview, the Children's Bureau praised the quality assurance (QA) and IV-E review process that VDSS has in place. The success of the team is attributed to the knowledge of the title IV-E consultants.

### **2022 Title IV-E Reviews**

Virginia's title IV-E foster care program continues to be successful as the passing of this federal review means Virginia has been found to be in substantial compliance in two consecutive title IV-E federal reviews. Virginia has ten full-time IV-E positions that originated in 2011 and were reappropriated in 2022, as specified in Item 340.E. of the 2022 Appropriations Act.

### **Error Rates and Compliance with State and Federal Review**

There are eleven full-time and three part-time title IV-E consultants employed by VDSS who conduct 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 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 and are made within approximately 90 to 120 days of children entering foster care. This validation process ensures timely, appropriate, and maximum utilization of federal dollars.

### **Quarterly QA Review – July 1, 2022 through June 30, 2023**

Virginia's title IV-E maintenance expenditures for state fiscal year (SFY) 2023 totaled \$39,075,969.84. Expenditures will continue to be in line with services and federal requirements for improved compliance and additional financial accountability. VDSS will continue to review and supervise foster care expenditures.

Effective January 1, 2020, the review process for title IV-E on-site reviews was updated 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 the percentage of previous fiscal year errors for each LDSS. The Quarterly QA Review results combine the new case validations and the ongoing cases into one title IV-E error rate, instead of an error rate for each type.

VDSS and the title IV-E consultants complete the reviews remotely and have been doing so since the onset of the pandemic. In the absence of a Comprehensive Child Welfare Information System (CCWIS) and a 100% manual IV-E review process, VDSS was required to make technology enhancements within Compass Mobile in order for title IV-E consultants to have access to the LDSS paper case records. With these modifications, VDSS has been able to continue reviewing all new case validations and ongoing cases scheduled during SFY 2023.

Staff reviewed 3,617 cases for 117 agencies between July 1, 2022 and June 30, 2023.<sup>1</sup> The results for the Quarterly QA Reviews for SFY 2023 by VDSS region are in Table 1:

*Table 1: Results of Quarterly QA Reviews*

<b>Region</b>	<b>Number of cases reviewed</b>	<b>Number of total case errors</b>	<b>Overall error rate</b>
Central	448	35	7.81%
Eastern	644	33	5.12%
Northern	792	30	3.79%
Piedmont	996	26	2.61%
Western	737	34	4.61%
Total	3617	158	4.37%

<sup>1</sup> Note: Not all LDSS have title IV-E children. As a result of the pandemic, VDSS reviews were switched from an on-site review to a remote review. The reviews were conducted in 117 out of 120 LDSS.

## Year End Results

LDSS with one or more error cases were considered to be in non-compliance with state and federal guidance and regulations. Eighty-two of 117 LDSS reviewed between July 1, 2022 and June 30, 2023 had either zero errors or one error. Table 2 shows the breakdown for the number of errors for the Quarterly QA Reviews throughout SFY 2023:

*Table 2: Errors for Quarterly QA Reviews*

Number of LDSS reviewed	Number of cases reviewed	Number of errors identified
58	1048	0 errors
24	1056	1 error
7	172	2 errors
10	387	3 errors
6	298	4 errors
6	237	5 errors
6	419	6 or more errors

## Conclusion

The ten positions authorized by the 2022 Appropriation Act have allowed VDSS to continuously review LDSS title IV-E cases over the past five years, ensuring that eligibility errors are caught and corrected early. With a 4.37% rate of errors and the absence of an electronic CCWIS and title IV-E tracking system, these ten positions are critical to ensure ongoing compliance with title IV-E reviews. In preparation for the federal review scheduled for the third quarter of SFY25, VDSS is completing reviews of 100% of all new funding validations and all ongoing cases. These staff members provide ongoing and immediate technical assistance and support to LDSS in maintaining initial and ongoing federal funding requirements. These positions are vital to Virginia preparing for and being successful in all upcoming title IV-E federal reviews.