



# Richmond City Council

*The Voice of the People.*

*Richmond, Virginia*

## OFFICE OF THE CITY AUDITOR

REPORT # 2011-11

AUDIT

*Of the*

### **Richmond City Department of Social Services CSA and Foster Care**

May 2011

## OFFICIAL GOVERNMENT REPORT

*Richmond City Council*

### **OFFICE OF THE CITY AUDITOR**

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*Committed to increasing government efficiency, effectiveness,  
and accountability on behalf of the Citizens of Richmond.*

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# Executive Summary

The City Auditor’s Office has completed an audit of the Comprehensive Services Act (CSA) and Foster Care Programs.

**Conclusion:**

Auditors identified weak recordkeeping, lack of oversight and inadequate controls that compromised accountability over \$74 million received during the audit period by DSS for these programs. Conditions existed that could lead to abuse of resources and non-compliance with statutory requirements.

The following are salient issues identified:

**Issue 1: Client safety and well being were not properly addressed in all cases**

- DSS did not consistently follow the approval and renewal process, increasing the risk that kids could be placed or maintained in unsafe or unstable homes. Renewals were granted prior to receipt of the background results for 40% of the foster homes reviewed. In two instances, a child’s safety may have been endangered due to DSS process flaws. (Page 9)
- Documentation for the required quarterly visitations was not available for 35% of the cases reviewed. It is unclear if the visitations were conducted. (Page 11)

**Issue 2: Numerous internal control deficiencies were identified**

Lack of proper oversight resulted in the following errors and noncompliance with program requirements:

- The City needs to repay the following amount to the State.

Description	Amount
Inappropriate IV E charges for ineligible or non-reimbursable clients	\$271,000
Unrecorded adjustments for vendor refunds and voided checks	\$400,000
<b>Total payment due to the state</b>	<b>\$671,000</b>

*Note: This amount is in addition to the \$3.4 million overbilling to the state identified in the City Auditor’s March 5, 2010 investigation.*

- During the audit period, duplicate payments and overpayments totaling about \$74,000 occurred, of which the City recovered only \$16,000. There were other numerous instances where lack of proper oversight resulted in overcharges or potential for misuse of funds. (Pages 15-18)
- DSS overpaid some vendors for holding bed spaces when the kids were on unscheduled leave. In sampled transactions, a total of \$20,000 may have been paid inappropriately. (Page 18)
- Monthly benefits are received by DSS for blind or disabled kids from Social Security Administration (SSA). DSS is responsible for using the benefits for the

youths' current basic needs (e.g. food, clothing, etc.). In addition to \$100,000 already refunded, the City owes another \$100,000 to SSA for erroneous SSI receipts. *(Pages 19-20)*

- Approximately 12% of accounts payable transactions reviewed were not supported by proper documentation such as vendor invoices. This situation could lead to wrongdoing. *(Page 30)*

The City Auditor's Office appreciates the cooperation of the Department of Social Services staff. Written responses are included at the end of the report. Please contact me for questions and comments on this report.

A handwritten signature in black ink, appearing to read 'Umesh Dalal', written in a cursive style.

Umesh Dalal, CPA, CIA, CIG  
City Auditor

<b>#</b>	<b><i>COMPREHENSIVE LIST OF RECOMMENDATIONS</i></b>	<b><i>PAGE</i></b>
1	Finalize and implement the home approval procedures, train staff and monitor for compliance with the pertinent laws and regulations.	11
2	Include proper planning procedures in the revised policies to ensure timely background checks.	11
3	Document face-to-face visitations and all case contacts in the State’s system.	11
4	Develop and implement formal standardized policies and procedures for processes including, but not limited to, those outlined in the report: a. Purchase order and payables processing b. Selection of funding source c. Duplicate and overpayments d. Communication between internal and external stakeholders e. Placement hold f. OASIS and Harmony records g. Reimbursement requests	26
5	Train staff on policies and procedures and monitor for compliance	26
6	Adequately train staff to enable them to efficiently and effectively perform their job duties. At a minimum, training should be provided for: a. Purchase order and payables processing b. Accounts payable processing c. Allowable program costs d. Index and Sub Object code selection e. Prorating payments for placement changes f. Representative payee requirements g. Reimbursement process	27
7	Conduct functionality testing to assess the feasibility of performing the below tasks in Harmony. Based upon testing results, proceed accordingly. a. Recording child welfare expenditures and receipts in Harmony b. Tracking vendor refunds, duplicate and overpayments c. Keying vendor invoice numbers	27
8	Follow up with identified vendors to recoup duplicate and overpayments.	27
9	Process prior period adjustments for identified vendor refunds and voided checks for CSA and Title IV-E.	27
10	Contact Social Security Administration (SSA) and determine how best to resolve the SSI overpayments and proceed accordingly.	27
11	Reconcile Harmony, Advantage and reimbursement systems expenditures to identify discrepancies. Research and resolve discrepancies.	27
12	Discontinue the practice of setting up multiple active purchase orders for the same services covering the same time period. Terminate the original purchase orders when replacement purchase orders are issued.	27
13	Ensure foster care maintenance payables are terminated prior to setting up adoption subsidy payables.	28
14	Incorporate language regarding prorated payments for placement changes in the foster home placement agreement.	28

15	Ensure CSA offsets are captured during the 90 day close out period.	28
16	Require receipts for child welfare account expenditures to be returned to HSIS to support payments.	28
17	Research and resolve the outstanding checks from the old bank account. Submit outstanding vendor payments to the State as unclaimed property.	29
18	Develop and implement policies and procedures regarding the use of generic social security numbers. The procedures should at least address when generic numbers should be used and establish a timeframe for updating Harmony with the valid social security numbers.	29
19	Perform periodic testing to validate social security numbers.	30
20	Ensure the contract language provisions regarding clothing allowances are adhered to and monitor for compliance.	30
21	Continue with efforts to move to electronic records.	32
22	Maintain supporting documentation for payments issued.	32
23	Adhere to the Records Retention Act for client documentation.	32

## **Introduction, Methodology, Management Responsibility & Background**

### ***Introduction***

The City Auditor's Office has completed an operational audit of the Comprehensive Services Act (CSA) and Foster Care Programs in the Department of Social Services for the 24 month period ended June 30, 2009. The objectives of the audit were to:

- Verify the adequacy of controls and procedures to ensure
- The safety, well being and permanency of children and youth in DSS foster care, and the accountability over financial transactions;
- Evaluate efficiency and effectiveness of CSA and Foster Care Programs; and
- Determine DSS' compliance with local, state, and federal program requirements.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. The Standards provide a reasonable basis for the conclusions regarding the internal control structure over the CSA and Foster Care Programs and the recommendations presented.

### ***Methodology***

To complete this audit, the auditor:

- Conducted interviews;
- Reviewed relevant records, policies and regulations;
- Performed various tests of records; and
- Performed other audit procedures as deemed necessary.

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## ***Management Responsibility***

The management of the City of Richmond is responsible for ensuring resources are managed properly and used in compliance with laws and regulations. Management is also responsible for ensuring City programs are achieving their objectives, and services are being provided efficiently, economically and effectively.

## ***Background***

DSS provides financial and/or social assistance to individuals and families in need through numerous programs including CSA and Foster Care.

### ***Comprehensive Services Act (CSA)***

CSA is a Virginia law enacted in 1993 to provide for high quality, child centered, family focused, cost effective, community based services to youth and their families. Funds are pooled from eight funding streams and disbursed to localities based upon a formula that requires a local match. During the audit period, the City's match rate was approximately 37%.

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***CSA provides  
community services to  
eligible youth and their  
family***

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In addition to the CSA pool funds, Medicaid costs are incurred by the State on behalf of the City's CSA Office. The Department of Medical Assistance Services (DMAS) makes payments directly to providers for eligible clients in approved residential and foster care placements.

The following graph depicts the trend of cost per service recipient and the number of clients served:



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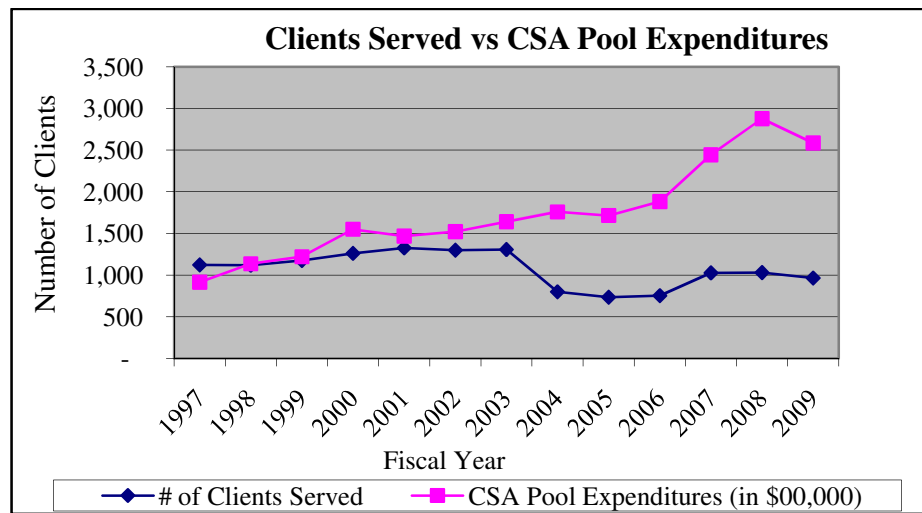
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It should be noted that the cost per recipient has grown dramatically over the years, not only for Richmond, but also for the other jurisdictions in Virginia.

### *Foster Care*

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***Foster care provides services to abused and neglected children***

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Foster care is a State mandated service provided through federal, state and local funds. Foster care services include a full range of casework, treatment and community services for children who have been abused or neglected. The program also provides assistance to the foster care families. The services include but are not limited to, counseling, treatment, day care, medical, educational, employment, family planning, independent living, housing, respite care, legal, socialization and recreation services. The goal of the Foster Care Program is to place children to obtain permanent residence within the established guidelines.

One of the funding sources for this program is federal government assistance through Title IV-E. Localities are reimbursed **100%** of the foster care reimbursable costs incurred for Title IV-E eligible clients.

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### *Accomplishments*

Based upon information obtained from the Virginia Department of Social Services, DSS' Foster Care Program achieved the following improvements between December 2007 and March 2010. The City Auditor's Office has not audited this information:

- 40% reduction in the number of foster care cases;
- 60% reduction in the number of clients in congregate care;
- 13% reduction in the percentage of total foster care population in congregate care;
- 14% increase in the percentage of total foster care population in family based placements;
- 8% reduction in the number of clients re-entering foster care within 12 months of reunification between 2007 and 2009;
- 7% percent increase in the number of clients being discharged to permanence between 2008 and 2009;
- *Exceeded* the national standards for safety outcomes – There were no maltreatment occurrences for children with founded CPS complaints, and no reported abuse for clients in foster care;
- *Met two* of the four national standards for permanency and timeliness of reunification – Standard addresses reunification timeframe and foster care re-entry rates; and
- *Met one* of the three national standards for children and youth in foster care for long periods of time – Standard addresses timeframe for discharging clients to permanent homes;

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There is room for improvement, however, as DSS did not meet any of the three national standards for placement stability – Standard addresses the number of placement changes based upon the length of time in foster care.

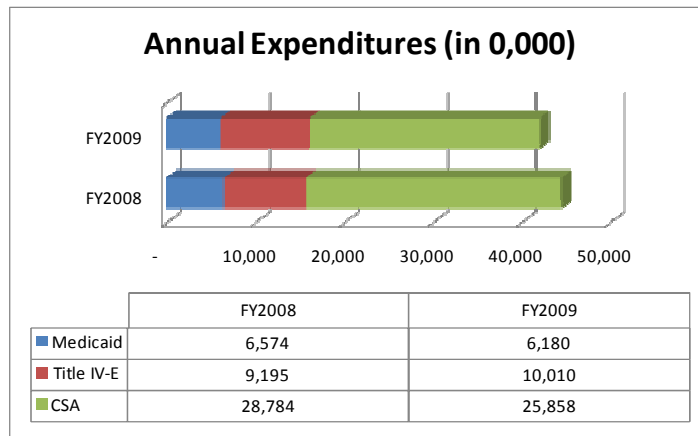
## *Funding*

During FY08 and FY09, approximately \$45 million and \$42 million, respectively were expended for approximately 1,000 CSA children, which included approximately 500 foster care youths and families. Of these totals, the City’s local match was approximately \$12 million and \$10 million respectively. The table below depicts the funding for FY08 and FY09:

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*Substantial resources  
are incurred to support  
1,000 children*

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## **Observations and Recommendations**

### **Internal Controls**

#### ***What are internal controls?***

According to Government Auditing Standards, internal controls, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal controls include the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

#### ***Overall Conclusion***

Based on the results and findings of the audit methodology employed, auditors concluded that the internal control structure needs significant improvement. Numerous control deficiencies were noted which resulted in payment errors and noncompliance with program requirements. These deficiencies impacted the efficiency and effectiveness of program operations.

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#### ***Internal controls need significant improvement***

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The internal control structure is deemed weak because:

- Written policies and procedures, which are standard internal controls, were not in place to aid employees in performing their duties. Policies and procedures provide guidance for staff and serve

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as an effective employee training tool. Without written policies and procedures, compliance cannot be evaluated.

- Standardized processes were not in place to ensure that program goals/objectives were accomplished. Numerous processes including fiscal decisions were decentralized. However, employees were not adequately trained to carry out some of their responsibilities. This coupled with the lack of policies and procedures increased the risk for non-compliance with funding requirements and program regulations.
- Information was not recorded and communicated to internal and external stakeholders and/or within a timeframe that enabled them to carry out their job duties. As a result, payments were posted to the incorrect funding sources, clients received payments they were not qualified to receive, and reimbursement requests included unallowable costs. Relevant, reliable and timely communication is needed throughout an organization to achieve its objectives.
- Program operations were not adequately monitored to assess performance and ensure compliance with federal, local and state requirements.

### **Client Safety, Well Being, and Permanency**

Pursuant to state requirements, local departments of social services are responsible for ensuring the safety of the clients placed in their care. Foster homes must meet the standards established by the State, and be approved by the local department of social services or child placing agency prior to placement of a child unless it is an emergency placement. Residential facilities for the placements are licensed by or approved by the State of Virginia or the licensing agencies in the state in which the facility is located.

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DSS conducts home studies to assess the suitability of future foster care providers. The home studies include:

- Criminal background checks for all household members 18 years or older to ensure the individuals do not have any criminal convictions;
- Child Protective Services (CPS) verification to ensure that the service providers do not have criminal records of child neglect or abuse;
- Interviews and reference checks;
- Department of Motor Vehicle (DMV) records verification;
- Home inspections; and
- Employment verification.

Homes are approved for placement services by DSS and renewed every 24 months. During the renewal process, home visits and updated CPS, criminal background, and DMV record checks are conducted.

### ***Criminal Background Checks***

Auditors noted DSS did not consistently follow the approval and renewal process. The inconsistent application of these processes increases the risk that clients could be placed or maintained in unsafe or unstable homes, thus endangering the clients' safety, well being and foster care permanency.

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***DSS did not follow the approval and renewal process procedures consistently***

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Code of Virginia §63.2-901.1 requires criminal history checks for providers with whom the local board of social services and child placing agencies are considering placing a child. However, during testing auditors noted:

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- Background checks were not included in the files for approximately 14% (8 of 57) of the reviewed initial and renewal foster home approvals. For six of the home renewal approvals, the files only included affidavits by the foster parents stating that they had not been convicted of any crimes that jeopardized the safety and proper care of the clients.
- Auditors also noted that 40% (10 of 25) of the foster home renewals were granted prior to the receipt of the background results. The Foster Parent Training Team (FPTT) Supervisor explained that these renewals were granted to ensure that homes were renewed prior to expiration of the previous approval period.

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***DSS needs formal procedures for obtaining criminal background checks. Current practices could put a child in danger of living with a person with a criminal background***

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In the above cases, auditors noted that DSS did not submit the background check requests to the State timely. Seven out of the 10 requests were submitted after the renewal dates, and three of the requests were submitted untimely prior to the renewal dates. Better planning could have avoided this situation. The risk of placing a child in a foster home without proper precautions, if precipitated, could lead to undesirable results.

### ***Ineligible Homes***

According to State Code § 63.2-1721, a foster or adoptive home cannot be approved if any individual in the home has a barrier crime offense unless a certain amount of time has elapsed, dependent upon the circumstances of the case.

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Auditors noted that a child was placed in an ineligible home. The home was initially inadvertently approved through a licensed child placing agency. Upon DSS conducting an updated criminal background check, it was determined that the home was not eligible due to barrier crimes such as murder/manslaughter, abuse/neglect of children, felony possession /distribution of drugs, etc. by one of the foster parents. The home was ultimately closed and the child was removed. This situation caused by the child placement agency may have exposed the child to an unsafe environment.

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***Inadequate procedures  
may have allowed a  
child's continued stay in  
an ineligible home***

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Auditors also noted that another foster home was closed to future placements due to concerns raised by several Child Protective Services complaints and the foster parents' previous criminal histories. However, at the discretion of the social worker, the foster care youth already placed in the home was allowed to remain in the home without regard to potential safety concerns.

***Cause of the above occurrences***

DSS did not have written policies and procedures to guide the staff. Policies and procedures provide guidance to employees to perform their duties consistently in accordance with management expectations. Without written policies and procedures, management cannot evaluate compliance.

The Foster Parent Training Team Supervisor has since drafted standardized home approval procedures, which incorporate the new home approval standards that were issued by the State. However, the manual has not been approved by DSS management.



### ***Face to Face Visitation***

State regulations require face-to-face visits with the foster care recipients in their foster homes or placements. These visitations are required:

- At least quarterly, for non-permanent foster care placements; and,
- At least every six months for permanent foster homes.

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***Documentation for required foster home or placement visitations was not available for 35% of the cases reviewed***

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All case contacts, including the visitations, were required to be documented in OASIS, which is the State's system for foster care records. Auditors noted that documentation for the quarterly visitations was not available for 35% (11 of 32) of the reviewed cases; therefore, it is unclear if the visitations were conducted. However, other documentation such as case contacts in the form of telephone calls, home visits and court visits were noted in the clients' records.

### ***Recommendations:***

- 1. Finalize and implement the home approval procedures, train staff and monitor for compliance with the pertinent laws and regulations.***
- 2. Include proper planning procedures to ensure timely background checks in the revised policies and procedures.***
- 3. Document face-to-face visitations and all case contacts in the State's system.***

### ***Financial Controls***

Adequate controls and procedures are not in place to efficiently and effectively manage program funds to ensure sound financial management, stewardship, and compliance with local, state and federal requirements. Establishing effective internal controls over program

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operations, financial management, and reporting are essential to program management.

Title 45-Part 74 of the Code of Federal Regulations requires recipients' financial systems to provide:

- Accurate, current and complete disclosure of financial results of each Health and Human Services (HHS) sponsored projects or programs;
- Records that identify the funding source and application of funds for HHS sponsored activities;
- Effective control over and accountability and safeguarding of all funds, property and other assets;
- Written procedures for determining the reasonableness, allocation and allowance of costs in accordance with the provisions of the applicable federal cost principles and terms and conditions of the award; and,
- Accounting records that are supported by source documentation.

Auditors noted numerous deficiencies that resulted in payment errors and other non-compliance with the above provisions. Audit observations are organized as follows:

## **Unallowable Expenditures**

Expenditures totaling approximately \$271,000 were inappropriately charged to Title IV-E for ineligible or non-reimbursable clients and unallowable services. The City needs to repay this amount to the State. This amount is in addition to the \$3.4 million Title IV-E overbilling identified in the March 5, 2010 investigation report issued by the City

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*Adequate controls and procedures are not in place to ensure sound financial management, stewardship, and compliance with local, state and federal requirements*

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*Expenditures totaling about \$271,000 were inappropriately charged to Title IV-E for ineligible or non-reimbursable clients and unallowable services*

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Auditor's Office. Similar to the payments investigated before, these inappropriate payments were attributed to:

**1. *Changes in Accounting Structure***

DSS used index and sub-object codes to identify expenditures for reimbursement and to post the payments in the City's Financial System. DSS made changes to the codes to comply with state reporting modifications. However, the changes were not properly communicated to the staff.

**2. *Inadequate Staff Training***

According to the CSA Administrator, the CSA Office staff and Family Assessment and Planning Team members did not have a clear understanding of the index and sub-object codes. Also, the Foster Care Program Manager indicated that proper training for index and sub-object selection was not provided.

**3. *Record Alterations***

Auditors noted index and sub-object codes were changed after payments had been processed. Code changes were made directly in the data tables overwriting the existing data. An audit trail of the changes, date of the changes and the individual making the changes was not maintained. Also, supporting documentation to justify the changes was not available.

**4. *Changes in Eligibility/Reimbursement Status***

Upon entering into DSS custody, clients are screened for Title IV-E eligibility. The initial IV-E determination remains unless a client becomes ineligible due to his or her age or is discharged.

The client's status for reimbursement is subject to constant change depending upon changes in deprivation, income, placement and judicial review requirements. Changes in clients' eligibility and

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reimbursement status were not always effectively communicated to the appropriate staff. As a result, staff continued to use existing purchase orders and/or payables for clients after they had lost their eligibility for Title IV-E reimbursement.

In addition to the inappropriate Title IV-E usage noted above, transportation costs for private day education totaling approximately \$81,000 were inappropriately posted to CSA. The state special education regulations specify that the school division is responsible for the transportation costs associated with private day placements funded by the CSA pool funds. Therefore, \$81,000 may be collectible from the Richmond Public Schools.

### **Reimbursements Request Adjustments**

Prior period adjustments must be made to account for voided checks, vendor refunds or other errors in the prior period reported expenditures. Auditors noted DSS did not always process prior period adjustments, which resulted in overstatement of reimbursement requests to the State. For example, if the checks were issued and voided in different months, the voided checks were not captured to adjust the reimbursement request. The lack of reconciliation between the DSS' case management system and the City's financial system resulted in the above discrepancy.

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*Proper adjustments that would have reduced state reimbursements by \$400,000 were not processed*

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DSS processed approximately \$1.1 million in vendor refunds and voided checks for CSA and Title IV-E. Auditors concluded that adjustments reducing reimbursements by approximately \$400,000 from the State were not processed. Additionally, auditors could not conclude if adjustments were processed for approximately \$300,000 of the

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vendor refunds and voided checks as supporting documentation for the reported 2008 CSA expenditures was not maintained. It appears that the City owes the State the following amount:

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*The City owes the state about \$671,000. This amount is in addition to \$3.4 million repaid to the state pursuant to the previous investigation by the City Auditor*

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Description	Amount
Inappropriate IV E charges	\$271,000
Unrecorded adjustments for vendor refunds and voided checks	\$400,000
<b>Total</b>	<b>\$671,000</b>

In addition, further research is needed to determine if any portion of additional \$300,000 needs to be remitted to the State.

### ***Payment Errors***

DSS did not have adequate internal controls in the payment process, which resulted in duplicate payments and overpayments. Based on a limited test, auditors identified at least 89 instances of duplicate payments and overpayments for about \$41,000 and \$33,000 respectively. The City received refunds of approximately \$16,000 (22%) of these duplicates and overpayments.

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*Duplicate and overpayments of \$74,000 were identified during the audit period. The City could recover only \$16,000 of this loss*

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A centralized tracking of the funds owed to the City and recovered is not in place. DSS is unable to identify at any given point what is owed to the City versus what has been collected. Auditors noted that the Harmony System has functionality that can be used to track the duplicate/overpayments and corresponding refunds but it is not being used.

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### *Duplicate Payments*

The duplicate payments were attributed to the following internal control weaknesses:

- DSS staff created multiple purchase orders for the same services and the same or overlapping service periods for the same vendor. This occurs when replacement purchase orders were set up to process necessary changes such as correct index and sub-object coding, or adjust service rates for changes in placement levels, etc. However, the original purchase orders were not terminated prior to activating the new purchase orders. Thus, payments were posted against multiple active purchase orders.
- DSS did not provide adequate training to the Administrative Program Support Assistant within the CSA Office who is responsible for processing payments. Auditors noted that approximately \$19,000 of the duplicate payments occurred when single vendor invoices were processed twice.
- Ongoing/one-time-only payments were set up for the same services and the same service period for which purchase orders were already in place. In two instances there was no consistency in who initiated the payment requests, as both CSA and Foster Care staff set up payments.
- Prorated payments for placement changes were issued via one-time-only payments. However, the ongoing monthly maintenance payments were not stopped.
- DSS staff issued replacement checks because providers claimed that they did not receive them. However, auditors noted that both checks were cashed by the vendors. Issuing a stop payment request or verifying if the check was cashed prior to issuing a replacement check would eliminate possibility of these occurrences.

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- When ongoing adoption subsidy payments were set up, the foster care maintenance payments should have stopped. However, the ongoing foster care maintenance payments were not terminated as required. Thus, payments were issued from both funds for the same service month.
- Staff did not utilize vendor invoice numbers, although the system field exists, and is a key system control to prevent duplicate payments.

### *Overpayments*

- According to the contract language and the Virginia Department of Social Services (VDSS) requirements, when a child is removed from a placement, the payment should include:
  - The placement date but **not** the removal date; and
  - Prorated room and board payments based on the actual number of days of care provided.

These requirements are included in the residential facilities and therapeutic foster home providers' contracts. According to the Foster Care Program Manager, the foster parents are trained on these requirements. However, the requirements are not included in the foster parent placement agreements.

Auditors noted that payments were not properly prorated for placement changes during the month. DSS paid for the day of discharge and for the day of placement to respective providers, resulting in payment for the same services twice.

- Providers received the full monthly payments although the clients were discharged prior to the end of the month. Timely

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communication of placement discharges to the staff processing the payments would avoid this situation. Foster home placement changes that occur prior to the end of the month but after the pre-checklists were approved were not communicated to DSS Finance. Therefore, the full monthly payment is issued to the provider, which resulted in inappropriate overpayments to the foster parents.

DSS does not have a formal standardized process to recoup duplicates and overpayments from providers. This function was delegated to the Social Workers and the Administrative Program Support Assistant within the CSA Office. This creates two problems. First, the Social Worker acts as debt collector, which may impact their relationship with the providers. Second, this situation prevents segregation of duties for the staff member who initiates the payments, and also receives refunds for duplicate/over payments. Both of these situations may not be desirable.

### ***Inconsistent Practices for Placement Holds***

When client placements are disrupted due to their unscheduled absences, such as emergency hospitalization, absence without leave (AWOL), and detention confinement, vendors may be compensated to hold the bed spaces.

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***Inconsistent practices could have resulted in a loss of \$20,000***

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Auditors noted DSS staff did not consistently follow the limitation included in the provider's contract for placement holds. Based upon information extracted from OASIS, 92 clients had 119 AWOL episodes during our audit scope. A sample of 24 episodes was reviewed to determine how long their placements were held. On average, placements were held for five days for the sample of clients while they



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were AWOL. In one case, a client's placement was held for approximately two weeks. In at least one case, a vendor was compensated approximately \$9,000 while the client was in detention for two and a half months. There is no evidence that monies were recovered from the vendor. Payments totaling approximately \$20,000 were issued to vendors for placement holds beyond the two days as specified in the contracts. A standardized process for approving such requests was not in place. This situation could result in an inappropriate use of resources.

According to the Family Assessment and Planning Team (FAPT) Coordinator, the providers did not contact the CSA Office regarding authorization. She indicated that the Social Workers often approved the placement holds and did not communicate the information to FAPT.

***Financial  
Decisions*****Social Security Administration (SSA)**

Monthly SSI benefits are remitted to blind, disabled, or individuals 65 years of age or older who have limited income and resources. DSS served as the representative payee for foster care youth receiving Social Security and Supplemental Security Insurance (SSI) benefits from SSA. As a representative payee, DSS was responsible for using the benefits for the youths' current basic needs (e.g. food, clothing, housing, medical care and personal comfort items) and reserving remaining monies in an interest-bearing bank account. DSS was also responsible for reporting any changes in the youths' circumstances that could affect their eligibility for benefits (e.g., income, resources, living arrangements, etc).

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Auditors noted that the required client information and case changes were:

- Inaccurately reported,
- Reported in an untimely manner, or
- Not reported to SSA.

This resulted in at least \$100,000 in SSI overpayments, which was refunded to SSA during the audit period. The overpayments, which spanned over seven years, were due to the clients':

- Excessive resources;
- Change in living arrangements; and
- Inaccurate or out-dated income information.

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***A liability exists for repayment of at least \$100,000 to Social Security Administration***

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In addition to the overpayments refunded during the audit scope, an additional liability of at least \$100,000 still exists that must be refunded to SSA, as 37 (44%) of the 85 foster care clients who received SSI during the audit scope inappropriately received SSI and Title IV-E benefits concurrently. SSI and Title IV-E are both federally funded programs in which funds are disbursed based upon need. In order to receive funding from both programs concurrently, clients' SSI benefits must be offset dollar-for-dollar for Title IV-E payments to comply with SSA regulations.

Based upon review of provided documentation and interviews with DSS staff, the above issue is attributed to:

- Staff electing to use the client's SSI payment instead of Title IV-E funding, which made the client's case Title IV-E non-reimbursable. It appears that Title IV-E determinations and

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changes were not properly or timely communicated to the staff responsible for setting up purchase orders and payables, resulting in funds being obtained from both SSI and Title IV- E programs.

- DSS did not conduct analyses to determine which funding source was the most advantageous for the clients. In the majority of the cases reviewed, using Title IV-E payments was more beneficial to the clients, as their monthly maintenance needs (e.g. room and board) exceeded their SSI benefits. In those cases, the portion of the maintenance needs that exceeded the SSI benefits would have been charged to CSA, which in turn, would have incurred DSS out of pocket costs due to the match requirement. The financial impact of such decision making could not be calculated, as the reviewed clients inappropriately received both SSI and Title IV-E funds concurrently as such payments were posted to IV-E.

VDSS guidance suggests that SSI funding may be appropriate for clients in low cost placements. For more expensive residential placements, SSI payments should be suspended and Title IV-E funding should be used for room/board and daily supervision unless the child is nearing foster care exit.

- Clients were deemed Title IV-E eligible and reimbursable when they came into care. DSS staff was not aware that clients were receiving SSI benefits although this information is available from the State. As a result, the clients received both Title IV-E and SSI payments. Therefore, SSI payments were overstated

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since they were not offset by the Title IV-E payments. Auditors noted that several clients were in foster care for at least a year, and their parents/prior custodian continued to receive their SSI benefits prior to DSS requesting to become the payee. Also, it was noted that when staff elected to use Title IV-E funding, SSI payment suspensions were not requested.

- Clients' SSI payments were only reduced by a portion of the Title IV-E payments. However, the clients were in more expensive residential placements and therapeutic foster homes in which Title IV-E funding exceeded the State's maintenance rates. DSS should have reported the total monthly Title IV-E expenditures.
  
- Auditors also noted that clients' entry and discharge from Medicaid funded placements were not properly communicated to SSA for seven of the clients that received SSI, which resulted in overpayments of approximately \$12,000. According to SSA regulations, SSI payments are limited to a maximum of \$30 per month when an individual is a resident throughout the month in a public or private medical treatment facility; and
  - Medicaid pays or is expected to pay more than 50% of the monthly care costs; or
  - Any health insurance policy issued by a private provider pays or is expected to pay more than 50% of the monthly costs for children under 18 years of age; or
  - A Combination of Medicaid and any health insurance issued by a private provider pays or is expected to pay

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***The DSS will have to reimburse excess collection of \$12,000 SSI disbursements on behalf of clients***

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more than 50% of the monthly costs for children less than 18 years of age.

***Child Welfare Accounts***

Child Welfare Accounts are set up to track benefits received on behalf of the clients (e.g. social security, SSI, veteran affairs and child support). The funds are maintained in two separate interest bearing accounts, which are used for the clients' benefit:

- A conserved account is set up for children in foster care who are eligible to receive social security and SSI disability benefits.
- A dedicated account is set up for any beneficiary under 18 who is eligible to receive large back payments for Social Security or SSI of six months or more.

Monthly expenditures, such as room/board and foster care maintenance payments are initially charged to CSA. The CSA fund is subsequently reimbursed from the child welfare account based upon each client's account balance and corresponding CSA expenditures. A monthly journal voucher is processed to transfer funds from the child welfare account to the CSA fund.

An adequate tracking process is in place to account for receipts and expenditures. However, improvements are needed to the processes described below:

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***DSS needs to improve  
accounting practices for  
child welfare accounts***

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- Staff did not process CSA offsets during the 90 day close out period that occurs between July and September each year, which allows localities to capture and process outstanding program expenditures. During this period, Index and Sub-object reports were only ran for the current program year. Thus, the program year payments issued subsequent to the end of the fiscal year were not captured.
- Staff did not always process CSA offsets on a monthly basis. Consolidated offsets were periodically processed throughout the year. However, this process creates the following risks:
  - The client account balances would be overstated if the offsets are not done monthly, thus creating the appearance that discretionary funds are available for purchases beyond the client's maintenance needs (e.g. computer equipment, electronics, etc). This will decrease the amount of funding available to offset CSA expenditures resulting in the City incurring additional out of pocket costs to satisfy the match requirement. Also, the risk exists that overstated account balances may be remitted to SSA upon the client's discharge if adjustments are not made for outstanding offsets.
  - Client resources might exceed SSA's maximum allowance, thus rendering the client ineligible for SSI and discontinuance of benefits until resources are below the required threshold. Benefits that are received while the client's resources exceed the maximum allowance are deemed overpayments for which DSS is liable for reimbursement.

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- Accumulated account balances were not returned to SSA in a timely manner for seven clients who were discharged from foster care. According to SSA regulations, representative payees are required to promptly report changes in recipients' cases, including leaving custody or care and return payments they are not entitled to receive.
- Staff did not close out remaining account balances for child support payments in a timely manner for 57% (8 of 14 cases) of the cases reviewed. In two of the cases, DSS inappropriately continued to receive client's current child support payment after parental rights had been terminated. According to VDSS, localities are required to immediately report changes in child support cases (e.g. leaves foster care, termination of parental rights, etc). Also, child support collections should be discontinued upon termination of parental rights.
- Auditors reviewed 20 expenditures incurred on the client's behalf. For ten of these expenditures, funds were advanced to foster home providers, clients, and vendors to purchase such items as computer equipment, furniture, and electronics on the client's behalf. However, receipts were not submitted and kept on record. In this situation, misuse of client's funds, if occurred, may not be detected in a timely manner.
- Unlike the client's monthly expenditures, expenditures from the child welfare account are not recorded in the Harmony system. The receipts and expenditures are manually tracked on a spreadsheet. Errors and omissions in the spreadsheet may not be identified in a timely manner and may impact the child's welfare account balance. A function exists in the Harmony System that allows staff to track and record payments received

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on the client's behalf. The child welfare account tracking process could be made more efficient and accurate by recording the clients' receipts and expenditures in the Harmony System. In addition, this change would improve controls over clients' resources.

This will alleviate the need for manual tracking, as well as make this information accessible to all applicable staff for review and processing. Also, this feature will increase the accuracy in which the Harmony, Advantage (City's general ledger) and the State's reimbursement systems are reconciled, and expenditures are reported correctly to the State.

### ***Recommendations:***

- 4. Develop and implement formal standardized policies and procedures for processes including, but not limited to, those outlined in the report:***
  - a. Purchase order and payables processing***
  - b. Selection of funding source***
  - c. Duplicate and overpayments***
  - d. Communication between internal and external stakeholders***
  - e. Placement hold***
  - f. OASIS and Harmony records***
  - g. Reimbursement requests***
- 5. Train staff on policies and procedures and monitor for compliance***



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6. *Adequately train staff to enable them to efficiently and effectively perform their job duties. At a minimum, training should be provided for:*
  - a. *Purchase order and payables processing*
  - b. *Accounts payable processing*
  - c. *Allowable program costs*
  - d. *Index and Sub Object code selection*
  - e. *Prorating payments for placement changes*
  - f. *Representative payee requirements*
  - g. *Reimbursement process*
7. *Conduct functionality testing to assess the feasibility of performing the below tasks in Harmony. Based upon testing results, proceed accordingly.*
  - a. *Recording child welfare expenditures and receipts in Harmony*
  - b. *Tracking vendor refunds, duplicate and overpayments*
  - c. *Keying vendor invoice numbers*
8. *Follow up with identified vendors to recoup duplicate and overpayments.*
9. *Process prior period adjustments for identified vendor refunds and voided checks for CSA and Title IV-E.*
10. *Contact Social Security Administration (SSA) and determine how best to resolve the SSI overpayments and proceed accordingly.*
11. *Reconcile Harmony, Advantage and reimbursement systems expenditures to identify discrepancies. Research and resolve discrepancies.*
12. *Discontinue the practice of have multiple active purchase orders set up for the same services covering the same time period.*

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*Terminate the original purchase orders when replacement purchase orders are issued.*

*13. Ensure foster care maintenance payables are terminated prior to setting up adoption subsidy payables.*

*14. Incorporate language regarding prorated payments for placement changes in the foster home placement agreement.*

*15. Ensure CSA offsets are captured during the 90 day close out period.*

*16. Require receipts for child welfare account expenditures to be returned to HSIS to support payments.*

In addition to the more significant findings noted above, the below miscellaneous findings were noted.

***Unclaimed Property***

The old DSS checking account, which was used to process all types of social services payments, has outstanding checks totaling \$120,000 that need to be resolved. Of this total, approximately \$6,300 has been identified as voided checks which were never removed from the outstanding check list. The checks date back to fiscal year 2007 and earlier. DSS staff needs to research and submit the outstanding vendor payment checks to the State as unclaimed property in accordance with Sections 55-210.1 - 55-210.30 of the Code of Virginia.

***Other Findings***

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***The City may have a liability to report more than \$100,000 unclaimed property to the state***

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***Recommendation:***

***17. Research and resolve the outstanding checks from the old bank account. Submit outstanding vendor payments to the State as unclaimed property.***

***Social Security Numbers***

When opening new cases in Harmony, social security numbers (SSNs) are required as this is a mandatory field. Generic social security numbers are used when the social workers do not have access to clients' social security numbers.

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***There is a risk that DSS employees having proper access can set up an account for which the child may not exist***

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There are no policies and procedures in place to govern the use of generic SSNs. However, the workers are responsible for updating the system with valid SSNs. The numbers were not updated in Harmony on an ongoing basis. Also, DSS does not validate accuracy of social security numbers except for periodically comparing the General Relief and Auxiliary Grant clients against the Social Security Death Master. There is a significant risk in using this practice as it may provide an opportunity for a DSS employee having proper access can set up an account for which the child may not exist. This type of misuse could lead to a loss of public resources.

***Recommendations:***

***18. Develop and implement policies and procedures regarding the use of generic social security numbers. The procedures should at least address when generic numbers should be used and establish a timeframe for updating Harmony with the valid social security numbers.***

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***19. Perform periodic testing to validate social security numbers.******Clothing Allowance***

Funding for clothing expenditures are incorporated into the foster care maintenance payments issued for clients in foster care, and room/board costs for clients in residential placements. If incidentals such as clothing, personal care items, recreation and allowance are not included in the negotiated room/board charges, the amounts for these items are paid monthly to the facility on the behalf of the client in accordance with the rates outlined in the foster care maintenance rates.

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***During the audit, monthly clothing allowances were inconsistently issued to vendors***

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During audit testing, it was noted that monthly clothing allowances were inconsistently issued to vendors. In some cases, multiple clients were in a single placement. However, monthly clothing allowances were only issued for some of the clients. Also, it was noted that some of the monthly allowances were sporadically issued.

Based upon discussion with the Foster Care Social Worker Supervisor, it was noted that some of the foster care units were issuing monthly clothing allowances to the vendors and other units were not. There was not a standardized process in place regarding this matter.

***Recommendation:******20. Ensure the contract language provisions regarding clothing allowances are adhered and monitor for compliance.***

Accounts payable documentation (e.g. vendor invoices, receipts, purchase orders) was not maintained to support 12% (221/1773) of the

***Supporting Documentation***

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***During the audit, 12% of expenditures were not properly supported***

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reviewed expenditures. Also, one client service file and two FAPT (CSA) files out of 35 requested files, two client eligibility files out of 85 requested files and one resource file out of 43 requested files could not be located. Documentation and files must be maintained to support services provided, expenditures, and placement histories. In addition, the purchase orders served as the individual contracts for the clients as they contained the procurement terms. Missing documentation may not allow verification of appropriateness of expenditures incurred.

Federal regulations require that recipients' accounting records be supported by source documentation. Also, the Virginia Public Record Act requires:

- Accounts payable records to be retained for three years or until audited, whichever is greater;
- Adoptive and foster home provider records to be retained for three fiscal years after the end of the last placement;
- CSA records to be retained three years after the last review;
- Foster care records should be permanently retained in locality for clients that were not reunited with families; and
- Foster care records should be retained one year after the client's 21<sup>st</sup> birthday for children reunited with families.

In an effort to improve record retention, the CSA Office is now scanning the original signed copies of the purchase orders in Harmony. The Department's goal is to move to electronic case records and reduce hardcopy documentation by utilizing available systems as much as possible. However, there are issues that will need to be resolved before this transition can occur. Department employees are working with the State regarding this matter.

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***Recommendations:***

- 21. Continue with efforts to move to electronic records***
- 22. Maintain supporting documentation for payments issued.***
- 23. Adhere to the Records Retention Act for client documentation.***

**MANAGEMENT RESPONSE FORM  
DEPARTMENT OF SOCIAL SERVICES**

<b>COMPREHENSIVE SERVICE ACT AND FOSTER CARE AUDIT REPORT 2011-11 Appendix A</b>			
<b>#</b>	<b>RECOMMENDATION</b>	<b>CONCUR Y-N</b>	<b>ACTION STEPS</b>
1	<i>Finalize and implement the home approval procedures, train staff and monitor for compliance with the pertinent laws and regulations.</i>	Yes	As of September 2009, VA DSS implemented new guidance effective June 2010 through Broadcast notices . RDSS updated its process to comply with this regulation. The staff continues to be informed of ongoing updates regarding the VDSS policies during monthly staff meetings. The state send localities updates to policies and guidance via Broadcast notices.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Deputy Director - Social Work Division		June 2010
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
2	<i>Include proper planning procedures in the revised policies to ensure timely background checks.</i>	Yes	RDSS has updated and issued policies for completing background checks on Resource Parents. Policy 7.4 documents a list of requirements including background checks that are necessary for the Home to be approved and Policy 7.7 addresses the timeframe for completing criminal background checks for renewals. The policies have been distributed to the Family Resource Unit Manager and all Child and Family Services Program Managers. Policy manuals are maintained on Starnet and g:\ drives.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Deputy Director - Social Work Division		February 2011
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
3	<i>Document face-to-face visitations and all case contacts in the State's system.</i>	Yes	The VDSS policy states that documentation should be entered in OASIS immediately but no later than 30 days following the contact. To ensure accurate Safe Measure reporting, the Foster Care Program Manager has required that all face to face monthly visits be completed by the 25th of each month and documentation recorded within 3 business days.  The Foster Care Manager will monitor thorough Safe Measure reporting.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Deputy Director - Social Work Division Program Manager Foster Care		May 2011
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
4	<i>Develop and implement formal standardized policies and procedures for processes including, but not limited to, those outlined in the report: a. Purchase order and payables processing b. Selection of funding source c. Duplicate and overpayments d. Communication between internal and external stakeholders e. Placement hold f. OASIS and Harmony records g. Reimbursement requests</i>	Yes	The Department of Social Services financial staff, CMPT and CSA is currently updating fiscal policies, procedures and guidelines. All items listed in the recommendation will be addressed in the policy and procedures. The policies will be in accordance with fiscal matter of the CSA Red Book (State Fiscal Manual Guide Book), Foster Care - Title I-VE manual and Federal Policy for Child Welfare Account. Incorporated in the policies will be a Harmony systems process mapping. The following items will be included in the document: <ul style="list-style-type: none"> <li>• Input of payment processes</li> <li>• Review and tracking of payment</li> <li>• Reconciliations between systems</li> <li>• Object codes are reviewed annually and communicated to Harmony proprietor by the finance staff.</li> </ul> After changes to the policies and procedures are submitted and approved by the Director, the staff will implement and post on Starnet and g:/ drive.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Deputy Director - Admin. & Finance, Deputy Director - Social Work Division CSA administrator and System Operation Administrator		December 2011
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
5	<i>Train staff on policies and procedures and monitor for compliance.</i>	Yes	The RDSS staff, CSA team and Foster Care Unit have implemented a training class for updates to policies and procedures. Ongoing training will be provided to staff members in the departments regular monthly staff meetings regarding any new compliance issues from the Department of HHS and VA DSS. The Family Resource Unit provides regular training for new parents participating in the program. Attendances are documented and kept on file. The Harmony System Administrator and Technical Support Team provide quarterly training for DSS and CSA staff.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance, Deputy Director - Social Work Division CSA Administrator Training Manager System Operation Administrator Business Process Analyst		Ongoing
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
6	<i>Adequately train staff to enable them to efficiently and effectively perform their job duties. At a minimum, training should be provided for:</i> <i>a. Purchase order and payables processing</i> <i>b. Accounts payable processing</i> <i>c. Allowable program costs</i> <i>d. Index and Sub Object code selection</i> <i>e. Prorating payments for placement changes</i> <i>f. Representative payee requirements</i> <i>g. Reimbursement process</i>	Yes	The CSA Administration updated the policies and procedures on the Purchase Order and Payment for FAPT approved and funded services. All required staff members have been trained on the processes. The following changes were implemented to operate the process efficiently:  - Ongoing payments to vendors or clients no longer exist. Staff members now create purchase orders to effectively monitor the vendors payments. This reduces overpayment to vendors. - Staff members assigned to key payments have been trained on the Harmony Codes and processes. - CSA staff created Harmony guidelines to identify CSA Fund Code for Purchase Orders.  The Social Work Division is being restructured to include a Quality Control Unit to maintain funding maximization and timely reconciliations. The Payment Process Center will monitor timely payments processes and reconciliation.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance, Deputy Director - Social Work Division CSA Administrator Program Manager Foster Care		December 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
7	<i>Conduct functionality testing to assess the feasibility of performing the below tasks in Harmony. Based upon testing results, proceed accordingly:</i> <i>a. Recording child welfare expenditures and receipts in Harmony</i> <i>b. Tracking vendor refunds, duplicate and overpayments</i> <i>c. Keying vendor invoice numbers</i>	Yes	Recommendations a. & b. are still performed manually and will be included in the Harmony upgrade to version 3.7. Recommendation c. was implemented as of April 1, 2011. An unused field was located in Harmony to key vendor invoice numbers. Additional functionality testing will be performed once the version 3.7 in Harmony is updated and the ERP system is implemented.  The RDSS staff will be updating the Harmony software to the latest version by July 2011. A reconciliation of the vendor payments are performed monthly and a report is available online of all open items.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Systems Operations Administrator		December 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION



#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
8	<i>Follow up with identified vendors to recoup duplicate and overpayments.</i>	Yes	RDSS will provide Audit with examples of duplicates (est. \$19,000) and overpayments that were collected by the department from vendors since the audit period.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance, Deputy Director - Social Work Division CSA Administrator		June 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
9	<i>Process prior period adjustments for identified vendor refunds and voided checks for CSA and Title IV-E.</i>	Yes	In fiscal year 2009-2010 the reconciliation process was implemented to identify prior period expenses for Foster Care payments. All adjustments for CSA payments are reported in CSA Reporting System and all Foster Care adjustments are reported in Laser. RDSS will research to determine if the vendor refunds and voided checks collected during the audit report were since reported in the Pool Reimbursement Request Report.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance		June 2010
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
10	<i>Contact Social Security administration(SSA) and determine how best to resolve the SSI overpayments and proceed accordingly.</i>	Yes	During the audit period the Social Security Administration audited the Child Welfare accounts. DSS refunded overages to the SSA in the amount of \$152,501.89 as per their review. Communication between the Foster Care Unit and Finance has improved the flow of information regarding client eligibility and reserves for SSA.  The below are open items: 1. Variances still need to be investigated and explained to audit. 2. The Deputy Director for Finance monthly monitors the Child Welfare Account report.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance		July 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
11	<i>Reconcile Harmony, Advantage and reimbursement systems expenditures to identify discrepancies. Research and resolve discrepancies.</i>	Yes	In fiscal year 2009-2010 a reconciliation process was implemented to identify prior period expenses for Foster Care payments. All adjustments for CSA payments are reported in CSA Reporting System and all Foster Care adjustments are reported in Laser.  A reconciliation report is submitted to VDSS monthly.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance		June 2010
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
12	<i>Discontinue the practice of setting up multiple active purchase orders for the same services covering the same time period. Terminate the original purchase orders when replacement purchase orders are issued.</i>	Yes	The CSA program has developed and implemented new policies and procedures for creating and processing purchase orders of services orders. Two additional temporary personnel were added to reduce errors.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	CSA Administrator		July 2010
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
13	<i>Ensure foster care maintenance payables are terminated prior to setting up adoption subsidy payables.</i>	Yes	The Social Work Division Quality and Control Unit will be responsible for developing, administering and implementing all quality and controls associated with federal, state and local funds used to support Foster Care and Adoption programs.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Social Work Division Quality and Control Unit Supervisor		December 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
14	<i>Incorporate language regarding prorated payments for placement changes in the foster home placement agreement.</i>	Yes	The language regarding prorated payments for placement changes is being incorporated in all contract agreements.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Social Work Division Resource Family Supervisor		June 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
15	<i>Ensure CSA offsets are captured during the 90 day close out period.</i>	Yes	The Caseworkers updates client information in Harmony. Once updates are processed the monthly report will include the changes. The financial staff creates an exception report each month with all details regarding each offset (i.e. cancelled checks, refunds, SSI overpayment) and submit through Laser. During the fiscal year end FY10 the staff monitored the offset closely with a spreadsheet for each report submitted in order to capture prior period adjustment during the 90 days grace period. The issues regarding CSA submissions beyond the fiscal period are relatively complex for the mandated services and require that we work with both OCS and our legislators to revise and implement language that mandates vendor responsibility.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance		September 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
16	<i>Require receipts for child welfare account expenditures to be returned to HSIS to support payments.</i>	Yes	RDSS submits to SSA annual allowable expenses paid on behalf of the beneficiary on the Representative Payee Report. Caseworkers will be responsible for requesting from the beneficiary all documentation for allowable purchases (i.e. bank statements and cancelled checks, receipts or cancelled checks for rent, utilities, and major purchases). Upon request from SSA, RDSS will provide copies of receipts for allowable purchases. Federal guidelines are located in the OMB No. 0960-0691 and the Guide for Organizational Representative Payees.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance		June 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
17	<i>Research and resolve the outstanding checks from the old bank account. Submit outstanding vendor payments to the State as unclaimed property.</i>	Yes	RDSS will follow the Code of Virginia, Uniform Disposition of Unclaimed Property Act, Chapter 11.1 §§ 55-210.1 – 55-210.30. (A report must be sent to the Virginia Department of Treasury for DSS unclaimed property no later than November 1 of each year for the filing period of July 1 of the previous year through June 20 of the same year.) In addition to submitting a report to the State, we must also include a check for any unclaimed property due to the owner.  RDSS will coordinate with the City's Finance Department regarding the old bank account (Balance Sheet Code 1132) to reconcile and monitor the properties in the account and perform due diligence to locate the owner of the property.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin & Finance		September 2011

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
18	<i>Develop and implement policies and procedures regarding the use of generic social security numbers. The procedures should at least address when generic numbers should be used and establish a timeframe for updating Harmony with the valid social security numbers.</i>	Yes	<b>The Harmony System Administrator and DSS staff continues to revise the process of capturing generic social security numbers and is on target for a July 2011 completion pending administration approval of their new procedures.</b>
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Systems Operations Administrator Deputy Director - Social Work Division Program Manager Foster Care Business Policy Analyst		July 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
19	<i>Perform periodic testing to validate social security numbers.</i>	Yes	Social Security numbers will be reviewed by the CSA Administrator and the Social Work Quality and Control Unit quarterly for all CSA clients and social work clients.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Systems Operations Administrator CSA Administrator Social Work Quality and Control Unit		Ongoing - Quarterly
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
20	<i>Ensure the contract language provisions regarding clothing allowances are adhered to and monitor for compliance.</i>	Yes	The Social Work Division Quality and Control Unit will be responsible for developing, administering and implementing all quality and controls associated with federal, state and local funds used to support Foster Care and Adoption programs.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin & Finance Payment Processing Center		July 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
21	<i>Continue with efforts to move to electronic records.</i>	Yes	RDSS Finance Department is in progress of writing specifications for a RFP to move to electronic records. The VA DSS is exploring electric record and RDSS will incorporate the state policy into its document. Funding options are being explored by the State.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin & Finance Deputy Director - Social Work Division		TBA
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
22	<i>Maintain supporting documentation for payments issued.</i>	Yes	Complete documentation of file system has been implemented in the CSA office of documentation in the CSA Office.  DSS payments are done electronically through a "Payment Assessment Request" in Harmony. The Payment Center is responsible for the payments and supporting documentation.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Deputy Director - Admin. & Finance, Deputy Director - Foster Care Program CSA Administrator Payment Processing Center		July 2011
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

#	RECOMMENDATION	CONCUR Y- N	ACTION STEPS
23	<i>Adhere to the Records Retention Act for client documentation.</i>	Yes	Record retention will be in accordance with the Virginia Department of Social Service Foster Care Manual, Volume VII, Section III and Chapter B Section 13. This process will be incorporated in CSA and Foster Care policies and procedures.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Deputy Director - Admin. & Finance, Deputy Director - Social Work Division CSA Administrator Record Room Supervisor		July 2011
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>