



CITY OF RICHMOND
City Auditor's Office

DATE: June 6, 2023

TO: Lincoln Saunders
Chief Administrative Officer

FROM: Louis Lassiter *LL*
City Auditor

SUBJECT: DSS - Adoption audit report

The City Auditor's Office has completed the Adoptions audit and the final report is attached.

We would like to thank the DSS staff for their cooperation and assistance during this audit.

Attachment

cc: The Richmond Audit Committee
The Richmond City Council
Reginald Gordon, DCAO of Human Services
Shunda Giles, Director of the Department of Social Services

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City of
RICHMOND
Office of the City Auditor

Audit Report# 2023-15
Department of Social Services
Adoptions
June 6, 2023



Audit Report Staff

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Highlights

Audit Report to the Audit Committee, City Council, and the Administration.

Why We Did This Audit

The Office of the City Auditor conducted this audit as part of the FY2023 audit plan approved by the Audit Committee. The objective for this audit was to test expenditures and compliance with the Adoption Program.

What We Recommend:

The Children, Families, and Adults (CFA) Deputy Director:

- *develop and implement an internal process to assess whether adoption assistance agreements and payments should be terminated when children re-enter foster care, including validating and documenting if the adoptive parents provide financial support.*
- *obtain guidance from VDSS on how to handle the two cases identified in this audit and proceed accordingly.*

Note: Recommendations for Finding #2 were issued in the FY2022 Single Audit and RDSS provided a corrective action plan. As such, separate recommendations will not be issued in this audit.



Adoption

Background

The Richmond Department of Social Services (RDSS) provides financial assistance, case management, and services to individuals and families in need through numerous programs, including Adoption. Adoption is the placement of children that have been permanently and legally separated from their birth parents with a new family. The new (adoptive) parents are given the same rights and obligations as biological parents.

A child can be placed for adoption once parental rights have been terminated and RDSS has been granted the authority to place and consent to the child’s adoption. During FY2022, there were 66 children in foster care with an adoption goal. Of these, 59 had a termination of parental rights (TPR) and 24 were adopted. The federal goal is to finalize adoptions within 24 months of a youth entering foster care. Approximately 88% of the adoptions exceeded the 24-month goal.

Adoption payments totaling approximately \$7 million were paid during FY2022 for adoption assistance and administrative and support costs. Assistance payments were issued to facilitate adoptive placements and to ensure permanency for children with special needs.

Scope Limitation

Per the Virginia Department of Social Services (VDSS), local auditors do not meet the definition of a party with legitimate interest under Virginia Code Section 63.2-104. Therefore, the auditors were unable to access the adoption records and data needed to complete the adoption timeliness testing and analysis and validate if the required supervisory visits were completed.

What Works Well

Adequate controls and procedures were in place to:

- Ensure that adoption assistance payments were paid in accordance with the Adoption Assistance Agreement (AAA) terms and conditions. The basic maintenance rates were appropriately adjusted for increases in the State’s rates or age changes. Also, payments were stopped at the end of the service period included in the agreement or an addendum was executed to extend the services.
- Minimize the risk of processing duplicate payments and identify and recoup those that occurred.
- Ensure the foster care payments were stopped when the adoption assistance payments started.

Needs Improvement

Finding #1 – Continuation of Adoption Assistance When Children Return to Foster Care

Adoption assistance payments totaling approximately \$6.4 million were issued for 380 children/youth during FY2022. At least two children re-entered foster care and the adoptive parents continued to receive assistance payments for more than a year for each child totaling approximately \$65,000. RDSS staff did not adequately assess and follow up on the two cases to determine if the assistance payments should have been terminated.

Finding #2 – Title IV-E Adoption Assistance Eligibility

Forty cases were tested and it was generally noted that the eligibility requirements were met. However, sufficient evidence for the completion of the required criminal background and child abuse and neglect registry checks was not in the adoption files for nine of the reviewed children. The home studies and report of investigations narrative indicated the required checks were completed but did not identify when they occurred. Also, an opportunity exists to improve the adoption case file documentation.

Management concurred with 2 of 2 recommendations. We appreciate the cooperation received from management and staff while conducting this audit.

BACKGROUND, OBJECTIVES, SCOPE, METHODOLOGY, MANAGEMENT RESPONSIBILITY and INTERNAL CONTROLS

This audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objective.

BACKGROUND

Overview

The mission of the Richmond Department of Social Services (RDSS) is “to improve the quality of life for all people of the City of Richmond by strengthening families and individuals through prevention, intervention, and support services that foster self-sufficiency and resilience.” The overarching goal of RDSS is to increase all participants' capacity to function independently and provide protection for abused and neglected children, the aged, and the disabled.

RDSS provides financial assistance, case management, and services to individuals and families in need through numerous programs, including Adoption. Adoption is the placement of children that have been permanently and legally separated from their birth parents with a new family. The new (adoptive) parents are given the same rights and obligations as biological parents. “The primary purpose of adoption is to help children, whose parents are incapable of assuming or continuing parental responsibilities, to legally become part of a permanent family.”

The Adoption Unit is one of three areas within the Reunification and Permanency Program that works to secure and maintain adoptive placements for children in foster care whose parent's parental rights have been terminated.

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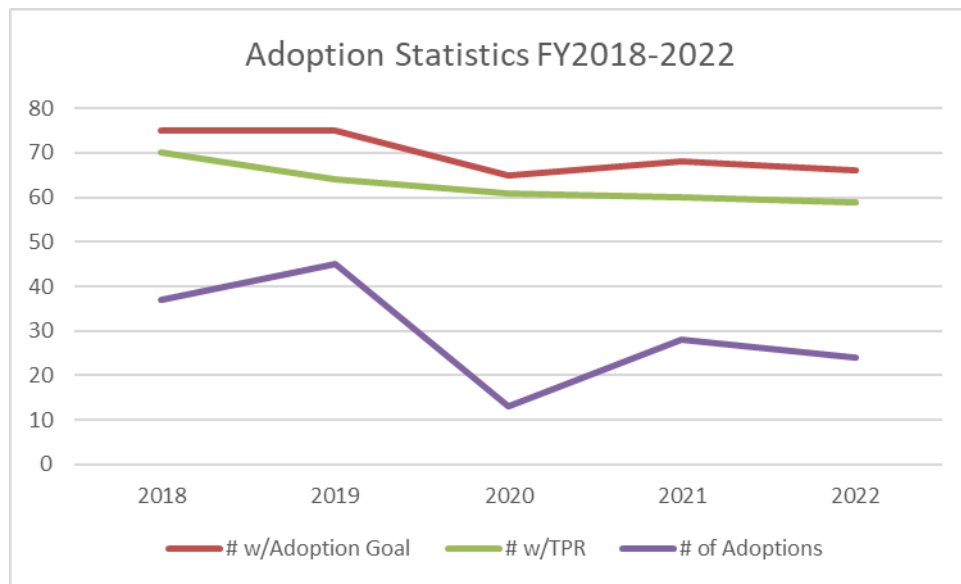
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Adoption Process

A child can be placed for adoption once parental rights have been terminated and RDSS has been granted the authority to place and consent to the child's adoption. A prospective adoptive home, which could be the existing foster home, is identified and approved. An Adoption Placement Agreement is signed. Preplacement and post-placement visits are conducted. RDSS must conduct at least three supervisory visits during the six-month probation period. The adoptive parents and their legal representatives must file an adoption petition. RDSS or child placing agency (CPA) must complete and submit a Report of Investigation to the court to provide a complete account of the facts leading up to and supporting the adoption. The court reviews the information, and a final order of adoption is approved.

Adoption Statistics

During FY2022, there were 66 children in foster care with an adoption goal. Of these, 59 had a TPR and 24 were adopted. As depicted below, there was a significant decline in the number of eligible youth (with TPRs) that were adopted between FY2019 and FY2020 with the numbers rebounding in FY2021 and FY2022.



The federal goal is to finalize adoptions within 24 months of youth entering foster care. On average, 86% of the adoption cases over the past five years have taken more than 24 months to

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finalize from the time a child is removed from their home. The State's average for finalizing adoptions after 24 months was 68% for this same period.

Fiscal Year	% of Adoptions Finalized within 24 Months of Home Removal	% of Adoptions Finalized after 24 Months of Home Removal
2018	11%	89%
2019	18%	82%
2020	23%	77%
2021	4%	96%
2022	13%	88%

Based upon discussion with RDSS staff and review of the 2018 Improving Virginia's Foster Care System Report issued by the Joint Legislative Audit and Review Commission (JLARC), the below factors were identified that may impact adoption timeliness. These are general factors that may impact any locality's adoption process; as such, not all may be applicable to RDSS.

- A shortage of foster families in Virginia. Resource homes are dually approved as foster and adoptive homes.
- Difficulty in placing children with behavioral issues, disabilities, mental illness, large sibling groups, and teenagers.
- Child does not want to be adopted by the foster parent.
- Foster parents are not interested in adopting.
- Delays in filing TPRs or lengthy appeals process.
- Inconsistent practice of pursuing birth parents' voluntary consent to terminate parental rights.
- Placements with relatives may not be prioritized.
- Continued efforts to reunify a child with biological parents.

As stated in the scope section of the report, the auditor was unable to access and analyze the adoption data and files to determine the specific factors contributing to the delays in the RDSS

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adoption process. However, it should be noted that VDSS monitors and meets monthly with RDSS staff to discuss the status of the City's adoption cases, including implementation plans and recommendations for each child. The primary focus of these meetings is children with TPRs who have not been placed in an adoptive home or the adoption has not been finalized.

Adoption Expenditures

Adoption payments totaling approximately \$7 million were paid during FY2022 for adoption assistance and administrative and support costs. Approximately \$6.4 million in adoption assistance payments were issued in FY2022 to facilitate adoptive placements and ensure permanency for children with special needs. Adoption assistance provides the adoptive parents with the necessary financial assistance to adopt and care for an eligible child with special needs. It is not intended to cover the full cost of raising the child but rather to supplement the resources of the adoptive parents. Assistance payments are stopped at the child's 18th birthday unless conditions warranting continuation of assistance up to age 21 exist.

Adoption assistance may include:

- Basic maintenance - Covers the cost of items such as food, housing, and transportation. The State sets the monthly rate based on the child's age.
- Enhanced maintenance – Addresses additional support and supervision needs of the child to ensure safety and well-being. The State sets the maximum rates based on the Virginia Enhanced Maintenance Assessment Tool score.
- Non-recurring adoption placement and legal costs.
- Childcare costs.
- Specials services (i.e., mentoring) to help meet the child's documented special needs.

The RDSS's Adoption Unit screens the adoption assistance request using the VDSS' Adoption Assistance Screening tool to assess a child's eligibility and determine the funding source (State or federal). The eligible requests and required documentation are forwarded to the VDSS Assistance Negotiator for review and to negotiate the payment types and amounts with the

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adoptive parents. The payment terms and conditions, including the service period start and end dates, are incorporated in the signed AAA.

OBJECTIVE

The objective of this audit was to test expenditures and compliance with the Adoption Program.

SCOPE

The scope of this audit included the adoption assistance eligibility and program expenditures for the 12-month period ending June 30, 2022, and the current operating environment. Adoption timeliness and post-placement visits were not reviewed as a part of this audit. Per VDSS, local auditors do not meet the definition of a party with legitimate interest under Virginia Code Section 63.2-104. Therefore, the auditors were unable to access the adoption records and data needed to complete the adoption timeliness testing and analysis and validate if the required visits were completed.

METHODOLOGY

The auditors performed the following procedures to complete this audit:

- Interviewed staff to understand the processes and procedures related to the Adoption program.
- Reviewed federal and state regulations and codes related to Adoption.
- Reviewed and analyzed various adoption statistics reports from VDSS.
- Reviewed and analyzed FY2022 adoption assistance payments to ensure:
 - Duplicate payments were not processed;
 - Basic maintenance rates were properly adjusted for age changes or Statewide increases;
 - Foster care payments were discontinued when the adoption assistance payments started;

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- Payments were discontinued, or an approved addendum was executed to extend services beyond 18 years old; and
- Special services payments were allowable.
- Randomly selected a sample of 40 cases and tested for compliance with the Title IV-E Adoption Assistance eligibility requirements.
- Haphazardly selected a sample of six children with AAAs that were executed during FY2022 to ensure the payment requests were properly set up and paid in agreement with the Adoption Negotiation Report (ANR) and the AAA.
- Conducted other tests, as deemed necessary.

MANAGEMENT RESPONSIBILITY

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

INTERNAL CONTROLS

According to the Government Auditing Standards, internal control, 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 control includes 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.

Based on the audit test work, the auditors concluded that adequate internal controls are in place to minimize the risk of duplicate payments and ensure that the adoption assistance payments were properly set up and paid in agreement with the AAA and ANR. However, an opportunity

exists to improve the Adoption case file documentation, including maintaining sufficient documentation of the completed required background checks. Details of these findings are discussed throughout the report.

FINDINGS and RECOMMENDATIONS

What Works Well

Adequate controls and procedures were in place to:

- Ensure that adoption assistance payments were paid in accordance with the AAA terms and conditions.
- Ensure the basic maintenance rates were appropriately adjusted for increases in the State's rates or age changes.
- Ensure payments were properly stopped at the end of the service period included in the agreement or an addendum was executed to extend the services.
- Minimize the risk of processing duplicate payments and identify and recoup those that occurred.
- Ensure the foster care payments were stopped when the adoption assistance payments started.

What Needs Improvement

Finding #1 – Continuation of Adoption Assistance Payments When Children Return to Foster Care

Condition:

Adoption assistance payments totaling approximately \$6.4 million were issued for 380 children/youth during FY2022. At least two children re-entered foster care and the adoptive parents continued to receive assistance payments for more than a year for each child totaling

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approximately \$65,000. RDSS staff did not adequately assess the two cases to determine if the assistance payments should have been terminated. For example, it was not determined if the adoptive parents were providing financial support for the children, which is one of the reasons assistance payments can be terminated without the parents' consent. The adoptive parents were referred to child support enforcement for collection efforts. However, no child support has been remitted to RDSS for these children.

The adoptive parents were concurrently paid along with foster care service providers. Below is a summary of the adoption and foster care payments issued after the clients re-entered foster care.

Child	No. of Months Adoption Assistance Payments Issued	Total \$ Amt of Adoption Assistance Payments	Total \$ Amt of Foster Care Payments
A	20	\$ 54,000	\$ 131,321
B	15	\$ 11,000	\$ 70,000

The AAA and payments were terminated for Child A when he/she turned 18 years old. The AAA for Child B was still active, as of audit testing completion, and payments will continue until the agreement is terminated.

Criteria:

According to the Virginia Department of Social Services Child and Family Services Manual *Chapter F. Adoption* guidance in effect during our audit period, when a child is placed in foster care and a TPR has not occurred, the local department is required to assess the adoption assistance agreement with the adoptive family. This assessment should identify whether the adoptive parent(s) provides financial support and determine whether the local department requires further action to address ongoing adoption assistance payments. Based on the individual circumstances of a case, actions could include:

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- Referral to child support enforcement program to determine if child support will be collected from the adoptive parent(s),
- Referral to State's adoption Assistance Negotiator to determine if assistance payments will be changed, or
- Termination of adoption assistance agreement and payments.

The AAA shall be terminated when one of the following circumstances occurs:

- Youth turns 18 years old and does not have a condition that warrants continuation of adoption assistance.
- Youth turns 21, or the age specified in the assistance agreement.
- Adoptive parents request in writing to end the agreement, are no longer legally responsible for the child's care (i.e., parental rights are terminated), not providing financial support for the child, or are deceased.
- The adoptive parents and RDSS agree in writing to terminate the agreement.

Financial support is defined as basic food and shelter, tuition, clothing, family therapy, special needs services, and maintenance of specialized equipment in the home.

Causes:

- The VDSS guidance regarding adopted children re-entering foster care is an evolving topic as evident in the different Adoption Manual versions.
- The adoptive parents were referred to child support enforcement, which RDSS management interpreted to be sufficient to satisfy that the parents were financially responsible for the children. However, the Adoption Unit did not follow up to determine if child support was being collected and remitted to RDSS.
- The Adoption Unit does not have an internal process to assess the agreements and cases to determine if the adoption assistance payments should be terminated.

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Effect:

Inappropriate adoption assistance payments may have been issued and may need to be returned to the State or offset in future reimbursement requests.

Recommendations:

- 1. We recommend that the Children, Families, and Adults (CFA) Deputy Director develop and implement an internal process to assess whether adoption assistance agreements and payments should be terminated when children re-enter foster care, including validating and documenting if the adoptive parents provide financial support.*
- 2. We recommend that the Children, Families, and Adults (CFA) Deputy Director obtain guidance from VDSS on how to handle the two cases identified in this audit and proceed accordingly.*

Finding #2 – Title IV-E Adoption Assistance Eligibility

Condition:

As part of the FY2022 Single Audit, a sample of 40 children that received Title IV-E adoption subsidies during FY2022 was tested for compliance with the eligibility criteria, and the below observations were noted:

- 40 out of 40 children –
 - Met the eligibility requirements, had special needs that prevented them from being placed without a subsidy, and could not return home.
 - RDSS made reasonable efforts to place the children without the subsidy or waived the requirement as it was not in the best interest of the child.
 - The adoption assistance agreements were signed prior to the final adoption decree, the authorized amounts were in line with the State's rates, and payments were issued in accordance with the agreements.
- 9 out of 40 children – Sufficient evidence of completing the required criminal background and child abuse and neglect registry checks for the adoptive parents and adult household

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members was not in the adoption case files. The home studies and report of investigations narrative indicated the required checks were completed for the adoptive parents and household members but did not identify when they occurred. Also, in some cases, the documentation did not note if the adoptive parents met the eligibility requirements for the criminal record checks. As such, the auditors could not confirm when the checks occurred, and supporting documentation was not provided prior to the completion of fieldwork.

In addition, during the initial file review, documents such as court orders, negotiation documents, and annual affidavits were missing from some of the files. The Adoption Unit was ultimately able to retrieve and provide the missing items. However, an opportunity exists to improve the adoption case file documentation.

Criteria:

Title IV-E of the Social Security Act (42 U.S.C §670) authorizes the Adoption Assistance program. Subsidy payments are made to the adoptive parent(s) based on a child's needs (i.e., development, cognitive, or emotional behavior) and the adoptive parent(s)' circumstances. Payments are issued in accordance with a written and binding adoption assistance agreement (AAA) when the below eligibility requirements are met.

- Child meets the categorical eligibility as an "Applicable Child" or "Non-Applicable Child."
 - *Applicable child* - AAA was signed in federal fiscal year (FY) 2010 or later that met the age requirement; or who was in foster care for at least 60 consecutive months; or who has a sibling in the same adoptive placement that meets one of the above requirements. Also, the child must meet one of the below requirements.
 - Was in foster care when the adoption proceedings were initiated; or
 - Meets disability or medical requirements for the Supplemental Security Income (SSI) program; or
 - Was residing with a minor parent in foster care: or

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- Was eligible for adoption assistance in a previous adoption in which the adoptive parent died or parental rights were terminated.
- *Non-applicable* – AAA was signed prior to federal FY2010 or a later year if the applicable requirements were not met and the child meets one of the below requirements:
 - Eligible for the Aid to Families with Dependent Children (AFDC) program; or
 - Eligible for SSI; or
 - Resides with a minor parent in foster care receiving Title IV-E foster care maintenance payments for themselves and the child.
- The child cannot or should not return home to his/her parents.
- The child has a special need (i.e., minority or medical condition), and it is reasonable to conclude that the child cannot be placed with adoptive parents without providing a subsidy.
- The agency made reasonable efforts to place the child without a subsidy or waive the requirement if not in the best interest of the child.
- The AAA was signed prior to the final decree of adoption.
- Criminal records checks were conducted for the prospective adoptive parent(s) and child abuse and neglect registry checks were conducted for the prospective adoptive parents and adult household members.

Also, the subsidy payment cannot exceed the foster care maintenance payment the child would have received in foster care.

Causes:

- Child-placing agencies, DSS Resource Unit, or third parties conducted the home studies and background checks. Standard documentation requirements regarding background checks were not in place. As such, there was an inconsistency in the information captured in the home studies and provided to support the completion of the criminal

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background and child abuse and neglect registry checks. The capture information ranged from the home study narratives to non-conviction letters.

- A quality control process was not in place to ensure that the required documentation was maintained in the adoption case files.

Effect:

The lack of a quality control process resulted in incomplete adoption case files, which may result in noncompliance with the adoption assistance requirements or prevent the Unit from demonstrating compliance. Also, the inconsistencies in the background check documentation reduce the Unit's assurance and ability to demonstrate that the required checks were conducted. As such, this could result in children being potentially placed in unsafe environments and the State or Federal government clawing back Title IV-E funds for non-compliance.

Recommendation:

Note: Recommendations were issued in the Single Audit and RDSS provided a corrective action plan. As such, separate recommendations will not be issued in this audit.

APPENDIX A: MANAGEMENT RESPONSE FORM

2023-15 DSS Adoption audit

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	We recommend that the Children, Families, and Adults (CFA) Deputy Director develop and implement an internal process to assess whether adoption assistance agreements and payments should be terminated when children re-enter foster care, including validating and documenting if the adoptive parents provide financial support.	Y	For each case, we will file a petition for child support and subsequently consult with the City Attorney's Office for voluntary termination of parental rights.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	CFA Deputy Director		7/1/2023
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	We recommend that the Children, Families, and Adults (CFA) Deputy Director obtain guidance from VDSS on how to handle the two cases identified in this audit and proceed accordingly.	Y	We will follow up with the Virginia Department of Social Services regarding these cases.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	CFA Deputy Director		7/1/2023
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION