



HUMAN SERVICES DEPARTMENT PERFORMANCE AUDIT



FISCAL YEARS 2004-2005

**CITY OF CHESAPEAKE, VIRGINIA
AUDIT SERVICES DEPARTMENT**

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September 29, 2005

The Honorable Dalton S. Edge and
Members of the City Council
City of Chesapeake
City Hall--6th Floor
Chesapeake, Virginia 23328

Dear Mayor Edge and Members of the City Council:

We have completed our review of the City of Chesapeake's (City's) Human Services Department (Human Services) for the period July 1, 2003 to June 30, 2005. Our review was conducted for the purpose of evaluating whether Human Services was providing services in an economical, efficient, and effective manner, whether its goals and objectives are being achieved, and whether it was complying with applicable City procedures in its handling of cash, revenues, payrolls, expenditures, fixed assets, safety, staffing, and other areas. All divisions of Human Services, including Social Services, the Tidewater Detention Home, and Interagency Consortium were subject to evaluation. We also attempted to identify and address any additional problem areas as requested by Human Services or determined from the audit itself. The audit included review and evaluation of procedures, practices, and controls of the various divisions of Human Services on a selective basis. Samples were taken as appropriate to assist with our evaluation.

The audit was conducted in accordance with Governmental Auditing Standards for performance audits and included such tests of records and other supporting documentation as we deemed necessary in the circumstances. A review was made of the relevant internal control structure, compliance tests were performed using various sampling techniques, and sufficient competent evidential matter was gathered.

Based on our review, we found that Human Services generally had sound practices and procedures which complimented their overall mission of their programs. It also came to our attention that management had instituted additional controls to enhance its operations and special attention had been placed on employee morale, and the monitoring of activities to assist management in coaching its employees. We found that most of the divisions of Human Services had developed more meaningful performance measurements to meet requirements of the Virginia Department of Social Services (VDSS) and were meeting and in some cases exceeding their performance goals. However, we noted that the performance measures used for City budget purposes tended to be less meaningful. Also, we identified concerns related to cost reimbursements, special investigation procedures, system access, donations, petty cash, and staffing.

Human Services management concurred with most of the report recommendations and has already begun addressing them. Their comments have been included behind each report as outlined in the table of contents. The Human Services staff was very helpful and courteous throughout the audit and we appreciate their cooperation on this assignment.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Poole", written in a cursive style.

Jay Poole

City Auditor

City of Chesapeake, Virginia

C: Dr. Clarence V. Cuffee, City Manager
Dr. Wanda B. Bailey, Deputy City Manager
Doris "Cookie" Palacios, Director of Human Services

A. Objective, Scope, and Methodology

We have completed our review of the City of Chesapeake's (City's) Human Services Department (Human Services) for the period July 1, 2003 to June 30, 2005. Our review was conducted for the purpose of evaluating whether Human Services was providing services in an economical, efficient, and effective manner, whether its goals and objectives are being achieved, and whether it was complying with applicable City procedures in its handling of cash, revenues, payrolls, expenditures, fixed assets, safety, staffing, and other areas. All divisions of Human Services, including Social Services, the Tidewater Detention Home, and Interagency Consortium were subject to evaluation. We also attempted to identify and address any additional problem areas as requested by Human Services or determined from the audit itself. The audit included review and evaluation of procedures, practices, and controls of the various divisions of Human Services on a selective basis. Samples were taken as appropriate to assist with our evaluation.

The audit was conducted in accordance with Governmental Auditing Standards for performance audits and included such tests of records and other supporting documentation as we deemed necessary in the circumstances. A review was made of the relevant internal control structure, compliance tests were performed using various sampling techniques, and sufficient competent evidential matter was gathered.

The Human Services divisions including Social Services, the Tidewater Detention Home, and the Interagency Consortium, employed a work force of approximately 343 full-time employees and 14 part-time employees. Their budget for Fiscal Year (FY) 2005 exceeded \$27 million dollars, and accounted for 3.77% of the City's current budget. Areas of operational responsibility included Food Stamp Administration, Bureau of Public Assistance, Virginia Initiative for Employment not Welfare (VIEW), Public Assistance Grant, Welfare to Work, and the Fatherhood program in addition to Tidewater Detention Home and the Interagency Consortium.

Major Observations and Conclusions

Based on our review, we found that Human Services generally had sound practices and procedures which complimented the overall mission of their programs. It also came to our attention that management had instituted additional controls to enhance its operations and special attention had been placed on employee morale, and the monitoring of activities to assist management in coaching its employees. We found that most of the divisions of Human Services had developed more meaningful performance measurements to meet requirements of the Virginia Department of Social Services (VDSS) and were meeting, and in some cases, exceeding their performance goals. However, we noted that the performance measures used for City budget purposes tended to be less meaningful. Also, we identified concerns related to cost reimbursements, special investigation procedures, system access, donations, petty cash, and staffing.

Human Services management concurred with most of the report recommendations and has already begun addressing them. Their comments have been included behind each report as outlined in the table of contents. The Human Services staff was very helpful and courteous throughout the audit and we appreciate their cooperation on this assignment.

B. Departmental Practices, Procedures, and Performance Measurements

While we were not able to analyze all Human Services operations and practices in detail, we noted that the Human Services generally had sound practices and procedures which complimented the overall mission of their programs.

Human Services administration directed the activities of the Social Services division. It administered programs of public assistance according to federal and state legislation and local policies. This function researched and developed resources for Social Services' programs and directed implementation of the programs. It supported and counseled clients in their use of agency services; coordinated activities with ancillary agencies, such as clinics, employment services, hospitals, schools, and courts; and provided protection and care to abandoned, abused, or neglected children and adults at risk.

The Chesapeake Interagency Consortium (CIC) was comprised of two functions: the Interagency Consortium and Pool Funds. The CIC was responsible for creating, maintaining and managing a collaborative system of services and funding that was child-centered, family-focused and community based, which addressed the strengths, weaknesses, and needs of troubled and at-risk children and their families. The CIC fostered the development of services through a collaborative team approach, coordinating agency efforts, and managing available funds.

The Tidewater Detention Home (TDH) was a division of the Department of Human Services. TDH was a dynamic regional facility dedicated to providing quality secure detention services and daily programming to include education, group counseling, individual counseling, medical services, mental health assessments, behavior management and recreational activities for residents from the cities of Chesapeake, Virginia Beach, Portsmouth, Suffolk, and Franklin and the Counties of Isle of Wright and Southampton. Since October 2004, the population decreased by more that 64% from 140 to 50 due to Virginia Beach obtaining its own detention home. In response to this change, TDH implemented two new programs: the Community Placement Program and the Post Dispositional Program to provide services locally to juveniles who had committed low level offenses that would normally be sent away from the locality. These programs allowed parents and probation officers and local agencies to be participative in the juveniles rehabilitative process. Additionally, TDH was in the process of developing an evaluation form for both programs to track the number of juveniles that were rehabilitated.

1. Revenue Maximization Development Initiative

We also noted that the Department had initiated a number of practices and programs to enhance its operations. One such program in this category was the Revenue Maximization Development Initiative (RMDI) program which was designed by the VDSS to help localities 1) Identify and claim missed opportunities for federal reimbursement and, 2) Utilize these new funds for expanding or enhancing local human service programs, or to develop new initiatives to better meet social service needs, as identified by the locality in collaboration with local partners. Human Services proactively initiated the RMDI program in FY 2000, allowing it and its partner organizations to obtain funding that otherwise would not have been received. From its initiation in FY 2000 through FY 2004, the RMDI program identified \$3,980,067 in Federal Financial participation. These funds were utilized to provide a wide variety of services and programs within the Human Services Department. However, recent changes to federal and state reporting policies and procedures will impact future funding from RMDI.

2. Summary of Performance Indicators

In addition to the RMDI program, we identified other programs and grants that utilized written guidelines and procedures, performance measurements, performance goals, controls to monitor the status of program goals, written performance documentation, controls to prevent or detect fraud, and eligibility controls. These programs included Food Stamps, Temporary Assistance to Needy Families, and General Relief within the Bureau of Public Assistance, the Virginia Initiative for Employment not Welfare, Welfare-to-Work and Fatherhood programs, and other grants.

3. Bureau of Public Assistance

The purpose of the Bureau of Public Assistance was to provide financial assistance programs to eligible City residents including Food Stamps, Temporary Assistance to Needy Families, General Relief, and other programs. The Benefits Administrator had streamlined and added value to the various benefits programs by establishing higher goals that incorporated performance measurements into performance evaluations at the employee level, by establishing quality reviews by supervisors, by developing an internal Quality Assurance Review that provided summary error rate data to determine where training was needed, and by comparing actual performance to performance standards, and taking corrective action.

4. VIEW

The Virginia Initiative for Employment not Welfare (VIEW) provided assistance to TANF and Food Stamp customers in obtaining meaningful employment to reduce or eliminate their need for assistance and make them self-sustaining. Based upon the May 2005 Virginia Independent Program report that contained comparative data for 122 VIEW programs across the State, the average percentage of VIEW participants employed was 66%. Chesapeake's VIEW program had an employment rate of 69%, or 3% higher than the average.

5. Welfare-to-Work and Fatherhood Programs

The goal of the Welfare-to-Work Program was to provide intensive case management and other services for TANF/VIEW customers. In FY 2005, the Welfare to Work Program had served 136 people which exceeded the 25 originally projected for budget purposes. The Fatherhood Program was designed to lead fathers to self-sufficiency by actively involving fathers in the lives of their children and securing gainful employment to meet the financial obligations to their children. In FY 2005, the Fatherhood Program had served 36 people which also exceeded budget projections.

6. Grants

The overall guiding mission of Human Services Grants was to seek funding to support additional programs. The Guardianship Grant acted as a guardian or conservator of last resort and provided assistance with healthcare, residence or financial needs. The Foster Care Reunification Grant attempted to reunite short term foster care children with their families. The Respite Care Grant helped prevent foster care disruptions. Finally the Title IV-E Grant assisted with foster care readiness and well being of children.

C. Administrative and Operational Issues

As previously noted, we determined that Human Services had been extremely effective in providing services to the public. While Human Services appeared to be effectively accomplishing its overall mission, we did identify some areas where administrative and operational practices could be enhanced. However, we noted that the performance measures used for City budget purposes tended to be less meaningful. Also, we identified concerns related to cost reimbursements, special investigation procedures, system access, donations, petty cash, and staffing.

1. Performance Measures (Human Services)

Finding – The performance measurements and indicators used for City budget purposes related to Human Services’ programs were not as meaningful as those established for State reporting purposes.

Recommendation – Human Services should incorporate the more meaningful state reporting indicators into its City budget-related performance measurements.

Response - The Division of Social Services will provide performance measures, which have been defined by the Virginia Department of Social Services, for our major programs which will be more meaningful to the City budget process.

2. Cost Reimbursement Reconciliation (Human Services)

Finding – There were no policies and procedures established to ensure reconciliation of LASER report reimbursements received from the State to the City’s general ledger expenditures.

Recommendation – Human Services should develop a procedure for reconciling LASER reports against the City’s general ledger expenditures.

Response - We are developing a method of reconciling the City’s accounting system expenditures back to the State report and subsequent reimbursements from the State. However, with the new PeopleSoft accounting system, this task has become more difficult. We can coordinate with the Finance Department to minimize posting discrepancies, but the two situations mentioned above will still exist unless there is a change to those processes.

3. Special Investigation Case Files Documentation (Human Services)

Finding – Human Services did not have a procedure to ensure that all case files contained the required documentation for a special investigation.

Recommendation – Human Services should develop a procedure that ensures that all case files contain the required documentation for special investigations.

Response - Special investigations of employees receiving disaster food stamp benefits were mandated by the Food and Nutrition Services. Localities were instructed by the Virginia Department of Social Services to verify income, resources, household composition and expenses declared on the disaster application. No other guidance was given. In order to comply with the findings in this report (certain) procedures will be put in place to ensure that there is consistency when cases are reviewed

4. Application Security Access (CIC)

Finding – CIC did not have policies and procedures to document authorized users and their access to both the Harmony Program and the Comprehensive Services Act (CSA) website. Additionally, the administrative identification name and password were known to users of Harmony.

Recommendation – The CIC should develop policies and procedures to document system access and grant authorization to the Harmony application and CSA website based upon job function and management’s objectives.

Response - The Harmony software system utilized for data collection provides each CIC staff to have access to a different level of usage (access to various groupings of information and review capabilities). All information for data collection purposes is password protected. The administrative password is only given out on an as needed basis at the discretion of the coordinator. There is a tracking system for the program. It documents who uses and makes changes to or updates the system. There is the capability available to enter into the tracking log and determine if anyone else is on the system.

5. Policies and Procedures for RMDI Accounts (Human Services)

Finding – There did not appear to be policies and procedures for the reconciliation of RMDI accounts against the program administrators' records for the Foster Parent Appreciation Banquet (Banquet) and the Social Work Crisis Intervention Program (SWCIP).

Recommendation – Human Services should develop policies and procedures to reconcile the RMDI fund against the Banquet and the SWCIP.

Response - Written policies and procedures will be written to include various program allocation of funds. Spreadsheets have been developed for several of the program allocation of funds including Crisis Intervention, Banquet, CPS Psychological Service and Foster Care Tutoring, and APS Enhancements, Services Training. These reports list the transactions and purpose of expense with dollar amounts and balances. Reports are given to supervisors for review. As supervisors also have a list, their reports are returned to the Fiscal Administrator for review. Differences in the two reports are compared and the reports are adjusted based on conclusion of the two parties. Reports are compared no less than once a quarter and usually once a month.

6. Management of Charitable Solicitations (Human Services)

Finding – There did not appear to be a centralized process established to collect Christmas sponsorship monetary donations. Additionally, the bank account established for the Social Work Fund Program had been accruing a monthly fee of \$11 since fall 2004 because of the inactivity in the account.

Recommendation – Human Services should develop a cash/receipts tracking process for incoming donations.

Response - It was found that the donations were being handled off the City books. The Social Work Fund Program was closed and funds were deposited with the City in a Grant Fund account. Procedures for handling donations have been written. An appropriation of funds will be necessary in order for the Department to spend these funds. Tracking incoming donations will be through the City's accounting system as well as payments out.

7. Staffing Issues

Finding – Several divisions within Human Services indicated they were being adversely impacted by vacancies.

Recommendation – Human Services should work with Human Resources to ensure that vacancies are filled in a timely manner.

Response - The Administrative team has met and pulled together a list of vacancies that can be filled. There are several things going on in the Department that impact the

vacancies for each unit and timeliness is not always the only criteria. The Department must also review the impact of promotions, retirements, and resignations as well as payouts, position freezes and availability of funds which is impacted by vacancy savings...Each of these items has been addressed as to the impact and several positions have been advertised.

8. Administrative Petty Cash Fund

Finding - There had been no activity since approximately June 2004 in one of the two petty cash funds.

Recommendation – Since there has been no activity for one petty cash fund totaling \$150 since approximately June 2004, we recommend that its cash be returned to the Finance Department.

Response - A memo was drafted and the mentioned petty cash fund was returned to the City's Treasurer's Office to close this item. Petty Cash on the General Fund would be reduced by this amount.

HUMAN SERVICES DEPARTMENT

PERFORMANCE AUDIT

JULY 1, 2003 TO JUNE 30, 2005

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A. Objective, Scope, and Methodology

We have completed our review of the City of Chesapeake's (City's) Human Services Department (Human Services) for the period October 13, 2002 to June 1, 2004. Our review was conducted for the purpose of evaluating whether Human Services was providing services in an economical, efficient, and effective manner, whether its goals and objectives are being achieved, and whether it was complying with applicable City procedures in its handling of cash, revenues, payrolls, expenditures, fixed assets, safety, staffing, and other areas. All divisions of Human Services, including Social Services, the Tidewater Detention Home, and Interagency Consortium were subject to evaluation. We also attempted to identify and address any additional problem areas as requested by Human Services or determined from the audit itself. The audit included review and evaluation of procedures, practices, and controls of the various divisions of Human Services on a selective basis. Samples were taken as appropriate to assist with our evaluation.

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The Chesapeake Interagency Consortium (CIC) was comprised of two functions: the Interagency Consortium and Pool Funds. The CIC was responsible for creating, maintaining and managing a collaborative system of services and funding that was child-centered, family-focused and community based, which addressed the strengths, weaknesses, and needs of troubled and at-risk children and their families. The CIC fostered the development of services through a collaborative team approach, coordinating agency efforts, and managing available funds.



CIC staff reviewing program financial information



Tidewater Detention Juvenile Media Room

The Tidewater Detention Home (TDH) was a division of the Department of Human Services. TDH was a dynamic regional facility dedicated to providing quality secure detention services and daily programming to include education, group counseling, individual counseling, medical services, mental health assessments, behavior management and recreational activities for residents from the cities of Chesapeake, Virginia Beach, Portsmouth, Suffolk, and Franklin and the Counties of Isle of Wright and Southampton. Since October 2004, the population decreased by more than 64% from 140 to 50 due to Virginia Beach obtaining its own detention home. In response to this change, TDH implemented two new programs: the Community Placement Program and the Post Dispositional Program to provide services locally to juveniles who had committed low level offenses that would normally be sent away from the locality. These programs allowed parents and probation officers and local agencies to be participative in the juveniles rehabilitative process. Additionally, TDH was in the process of developing an evaluation form for both programs to track the number of juveniles that were rehabilitated.

Major Observations and Conclusions

Based on our review, we found that Human Services generally had sound practices and procedures which complimented their overall mission of their programs. It also came to our attention that management had instituted additional controls to enhance its operations and special attention had been placed on employee morale, and the monitoring of activities to assist management in coaching its employees. We found that most of the divisions of Human Services had developed more meaningful performance measurements to meet requirements of the Virginia Department of Social Services (VDSS) and were meeting and in some cases exceeding their performance goals. However, we noted that the performance measures used for City budget purposes tended to be less meaningful. Also, we identified concerns related to cost reimbursements, special investigation procedures, system access, donations, petty cash, and staffing.

Human Services management concurred with most of the report recommendations and has already begun addressing them. Their comments have been included behind each report as outlined in the table of contents. The Human Services staff was very helpful and courteous throughout the audit and we appreciate their cooperation on this assignment.

Scope and Methodology.

We surveyed eight functions and five grants within Human Services to gather information regarding performance indicators such as: guidelines and procedures; performance goals; performance measurements; internal controls to monitor the status of program goals; records maintained; controls to prevent or detect fraud and monitoring for program eligibility; and any other areas of concern.

Program guidelines and procedures set forth what was to be done, who was to do it, the purpose to be achieved, the population to be served and how much could be spent. Obtaining that understanding was also necessary to identify provisions of laws, regulations, contracts, or grant agreements significant to individual aspects of each program.

Performance goals were the result or effect that was intended or desired from a program's operation. Oversight bodies usually establish the program purpose when they provide authority for the program; Officials may provide more detailed guidance on program purpose to supplement the authorizing legislation.

Performance measurements. Officials set goals for program performance and operation, including both output and outcome goals. Outputs represent the quantity of goods or services produced by a program. Outcomes were accomplishments or results of programs. Such outcome measures show progress in achieving the stated program purposes.

Internal controls Internal control, often referred to as management controls, in the broadest sense includes the plan of organization, methods, and procedures adopted by management to meet its mission, goals, and objectives. It includes the systems for measuring, reporting and monitoring program performance. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors, fraud and violations of laws regulations, and provisions of contracts and grant agreements.

Supporting records were the evidential matter necessary to document compliance with program goals, policies and procedures, performance, and internal controls.

We used a general audit survey questionnaire to gather the information highlighted above from the various programs and grants. Finally, we reviewed actual performance measurements, payroll, fixed assets, cost reimbursement, special investigation, system access, and petty cash. We also interviewed Social Services, CIC, and TDH management, administrative, and field staff to obtain an understanding of overall operations.

B. Departmental Practices, Procedures, and Performance Measurements

While we were not able to analyze all Human Services operations and practices in detail, we noted that the Human Services generally had sound practices and procedures which complimented the overall mission of their programs.

1. Revenue Maximization Development Initiative

We also noted that the department had initiated a number of practices and programs to enhance its operations. One such program in this category was the Revenue Maximization Development Initiative (RMDI) program which was designed by the VDSS to help localities:

- ◆ Identify and claim missed opportunities for federal reimbursement and,
- ◆ Utilize these new funds for expanding or enhancing local human service programs, or to develop new initiatives to better meet social service needs, as identified by the locality in collaboration with local partners.

Human Services proactively initiated the RMDI program in FY 2000, allowing it and its partner organizations¹ to obtain funding that otherwise would not have been received. However, recent changes to federal and state reporting policies and procedures will impact future funding from RMDI.

From its initiation in FY 2000 through FY 2004, the RMDI program identified \$3,980,067 in Federal Financial participation or FFP² broken down as follows:

EXHIBIT 1

<u>Fund</u>	<u>Account</u>	<u>Description</u>	<u>Amount</u>
48	53521	2000 Revenue Maximization	\$632,531 (both city and partner)
48	53522	2001 Revenue Maximization	947,986 (both)
48	53523	2002 Revenue Maximization	984,896 (both)
48	53532	2003 Revenue Maximization	107,686 (partner only)
48	53534	2004 Revenue Maximization	1,250,920
Amount not yet approved for spending as of 11/9/04			<u>56,748</u> (partner only)
Total			<u>\$3,980,067</u>

A board (comprised of the CIU and an administrative committee) was established to approve specific uses of funding. Specific uses have included the following within the City:

- ◆ Funding of \$98,000 for the Social Work Crisis Intervention Program (SWCIP) – a program previously funded by solicited monetary donations.

¹ Currently the City of Chesapeake has three partners (Court Services Unit (CSU), Chesapeake Interagency Consortium, and CHIP Healthy Families). Although CHIP Healthy Families qualifies for RMDI funding, this organization has not received funding from RMDI as they are currently funded by TANF.

² Local funding from the RMDI is referred to Federal Financial Participation or FFP.

- ◆ Funding for Specialized Intake Assessment Unit and Sexual Abuse Team in Child Protective Services
- ◆ Benefits for Family Access to Medical Insurance Security (FAMIS) – a program for kids with no health insurance who did not qualify for Medicaid, IV-E, food stamps and other public assistance benefits.
- ◆ Infrastructure improvements such as the Local Area Network (LAN) internet implementation, telephones, purchase of case management system
- ◆ Enhancements for foster care, Child Protective Services (CPS), and Adult Protective Services (APS), adoption recruitment, foster care advertisements, and small furnishing/refurbishments.
- ◆ Purchase of encryption software, long-term care software for APS, software to replace Virginia’s Uniform Welfare Reporting System (VUWRS), and a quarterly tracking tool for Board reporting
- ◆ Operation of a customer call center (Social Services)
- ◆ Administrative salaries of those who administer or assist in the management of RMDI program
- ◆ Pre-approved capital improvements (e.g., upgrade to the telephone system and carpets
- ◆ Computer Training Lab – designed to train benefits program employees on site
- ◆ In-house training, leadership training, and strategic planning consultants

2. Summary of Performance Indicators

In addition to the RMDI program, we identified other programs and grants that utilized written guidelines and procedures, performance measurements, performance goals, controls to monitor the status of program goals, written documentation, controls to prevent or detect fraud, and eligibility controls. The following charts summarize Human Service programs that utilized these items. Narratives describing the programs follow.

3. Bureau of Public Assistance

The purpose of the Bureau of Public Assistance was to provide financial assistance programs to eligible City residents including Food Stamps, General Relief and General Burial, State and Local Hospitalization for adults without medical coverage, Emergency Assistance for Low Income Families, Temporary Assistance for Needy Families, Aide to Families with Dependent Children/Foster Care, and other public programs. This bureau also administered the collection of public assistance monies from the Fraud Program. Its goal was to determine program eligibility accurately and by prescribed deadlines.

The Benefits Administrator had streamlined and added value to the various benefits programs by establishing higher goals that incorporated performance measurements into performance evaluations at the employee level, by establishing quality reviews by supervisors, by developing an internal Quality Assurance Review that provided summary error rate data to determine where training was needed, and by comparing actual performance to performance standards, and taking corrective action. Specific references to performance addressed by the Bureau of Public Assistance are provided below.



Public Assistance staff discussing strategy



A Public Assistance staff member returns case files

Food Stamp Administration

VDSS guidelines required that 97% of Food Stamp applications be processed in a timely manner. Performance standards established by the Benefits Administrator included a 100% timely processing standard for the following:

- ◆ Non-expedited applications were to be disposed of within 30 days (60 days if there is a client delay).
- ◆ Expedited applications were to be disposed of within 7 days (unless there was a client delay).
- ◆ Applications pending at the end of the month should not be pending more than 30 days (60 days for client-related delays.)
- ◆ 100% of cases due for recertification should be completed in month of certification

According to the Benefits Administrator, the departmental standards were set at a higher percentage than the State's so that the agency as a whole would meet the State's requirement. Based upon data submitted for applications subject to the 97% processing standard established by the State, the Chesapeake's compliance rates for both expedited and non-expedited food stamp applications were 98.02% and 98.71% respectively which exceeded the State standard.

With respect to accuracy, according to the **Virginia Big 12 Error Rate Comparison**³ report for Food Stamp cases, Chesapeake's error rate for FY 1999 was 19.80% or (9th place). The rate improved in FY 2000 to 8.15% (or 6th place). The error rates for FY 2003 and FY 2004 were 4.96% and 6.48%, respectively. According to the Benefits Administrator, the increase in the error rate resulted from staffing reductions and a steadily increasing workload. The average case load in the first half of the federal fiscal year was 5,702 and the average caseload increased in the second half of the year to 6,004. The Agency's internal goal for error rates was to be under 5%.

b. Temporary Assistance Needy Families (TANF) and Aid For Dependent Children/ Foster Care (AFDC/FC)

Given the absence of state standards for TANF and AFDC/FC applications, the Benefits Administrator developed internal goals for processing 100% of applications timely:

- ◆ Applications were to be disposed of within 45 days
- ◆ Cases due for review be completed within review month

c. Medicaid/Auxillary Grant Program(AG)/General Relief

These programs also had no state standard. The Benefits Coordinator had developed the following internal goals for processing 100% of applications timely:

- ◆ Applications were to be completed within 45 days (unless a disability determination was required)
- ◆ General Relief applications were to be completed within 45 days
- ◆ Medicaid/AG/General Relief cases due for review were to be completed within their review month.

Since the state also did not have a management system to track statistics for the TANF and Medicaid related programs, the bureau had to maintain statistics manually.

4. VIEW

The Virginia Initiative for Employment not Welfare (VIEW) provided assistance to TANF and Food Stamp customers in obtaining meaningful employment to reduce or eliminate their need for assistance and make them self-sustaining.

³ The **Virginia Big 12 Error Rate Comparison** compares the results of a sampling of food stamp cases reviewed for 12 localities and counties in Virginia. The specific comparable items include the case error and dollar error rates.

Welcome Job Seekers



VIEW staff members discuss program matters

Based upon the May 2005 Virginia Independent Program report that contained comparative data for 122 VIEW programs across the State, the average percentage of VIEW participants employed was 66%. Chesapeake's VIEW program had an employment rate of 69%, or 3% higher than the average. Chesapeake's VIEW program was ranked 28th of the 122 VIEW programs. A comparison of Chesapeake performance to the State benchmarks is provided in the table below:

EXHIBIT 4

State's Performance Indicators	Chesapeake Status as of May 2005	Average of 122 VIEW Programs
% Employed	69% ⁴	66%
Average Wage	\$6.94	\$7.05*
% Employed after 3 Months	79%	72%

*The statewide average wage for the 122 VIEW programs was higher due to the higher cost of living and wages in Northern Virginia.

5. Welfare to Work and Fatherhood City Programs

The goal of the Welfare-to-Work Program was to provide intensive case management services and community referrals for TANF/VIEW and former TANF customers to eliminate barriers and develop interventions that enabled customers to obtain and retain full-time employment. For FY 2005, the Welfare to Work Program had served 136 people (consisting of 28 served on an ongoing basis and the remaining served either through classes or one time assistance) which exceeded the 25 originally projected for budget purposes.

The Fatherhood Program was designed to lead fathers to self sufficiency by actively involving fathers in the lives of their children and securing gainful employment to meet the financial obligations to their children as well as contributing to their physical, emotional and social development. FY 2005, the Fatherhood Program had served 36 people which exceeded the amount projected in the City Budget.

Exhibit 5

Program	Fiscal Year	Projected # of Customers to Serve	Actual Served	Amount Exceeding Goal
Welfare to Work	2005	25	136	111
Fatherhood	2005	30	36	6

⁴ 69% or (620 out of 900 participants) found employment.

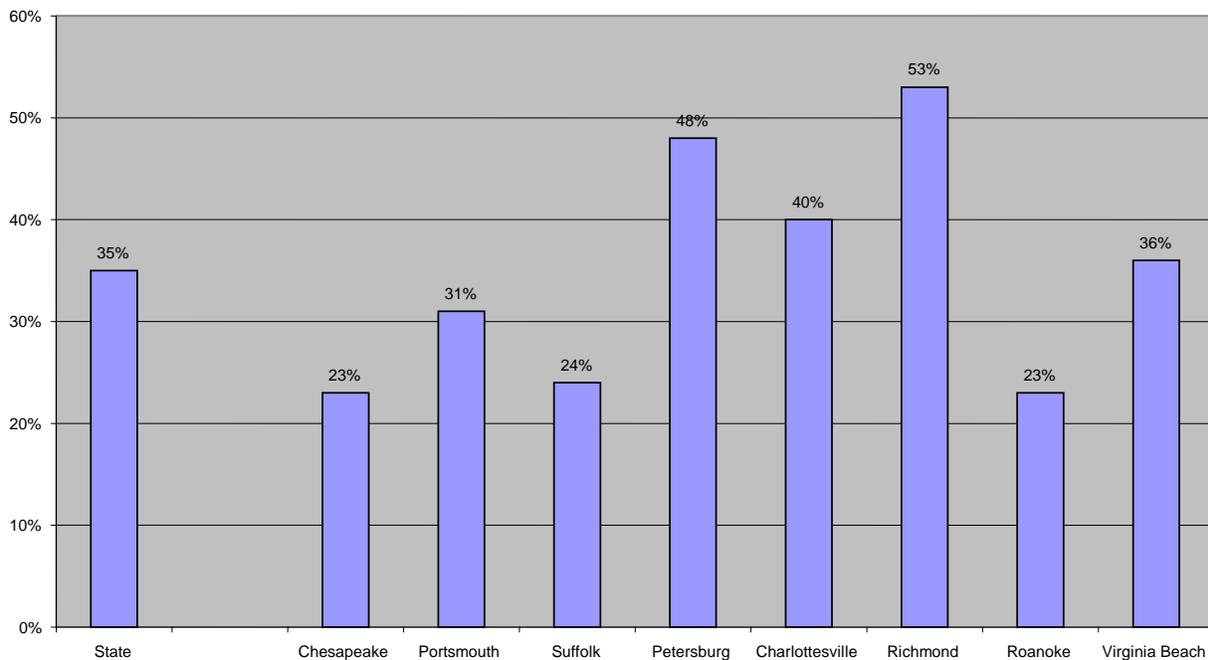
6. Chesapeake Interagency Consortium (CIC)

According to the Code of Virginia (2.1-752 and 2.1-754), the CIC was required to involve all parents in the assessment, planning and delivery of services to their children/families. This expectation includes their contributing financially, as appropriate. Based upon our interviews and survey, CIC ensured compliance with this State requirement through a Utilization Management Process and Review Plan designed for each individual case.

We also noted that the CIC attempted to keep “Out-of-Home” residential facility placements to a minimum. This strategy helped keep residential placement costs, which could be as much as several hundred thousand dollars per year for one child, to a minimum. As the following exhibit illustrates, Chesapeake’s “Out-of-Home” placements on a percentage basis were lower than statewide averages as well as other comparable localities.

Exhibit 6

Total Percentage of Out-of-Home Placements: Locality Comparison



7. Grants

The overall guiding mission of Human Services Grants was to seek funding to support additional programs. The following highlights specific performance goals for each grant.

Guardianship Grant:

- ◆ To act as a guardian and/or conservator of last resort for indigent elderly and disabled adults in the City of Chesapeake.
- ◆ To assist clients with healthcare, residence, financial management needs, consider preferences and values of each client in the least restrictive setting possible.

Foster Care Reunification Grant

This grant was used to provide reunification services for children and families with the goal of returning children home who had been in foster care for less than 15 months.

Respite Care Grant

This grant was used to provide regular foster homes relief to help prevent placement disruptions. A comparison of projected performance measurements and actual performance for FY 2004 follows for each of the three grants:

Exhibit 7

Program	Projected number of clients/families to serve	Actual Served	Percentage of performance met
Guardianship Grant	20	25	125%
Reunification Grant	30	30	100%
Respite Care Grant	50	50	100%

Title IV-E Grant:

The following highlights specific performance goals for the Title IV grant

- ◆ To enhance the knowledge, skills, and attitudes of prospective and current foster, adoptive, and resource families to meet the needs of Title IV-E foster and adoptive children.
- ◆ To ensure the City had a pool of qualified foster, adoptive, and resource parents to select from for placement of agency Title IV-E foster children and adoptive children.
- ◆ To increase the competency of child welfare staff who were dedicated to assuring permanency, safety, and well being of children.

Human Services also met the performance criteria by providing training as demonstrated in the table below for the **Title IV-E Grant**:

Description	FY03	FY04	Diff	% Change
Foster-parent pre-service classes				
◆ # of classes offered	28	28	0	None
◆ # of parent attendees	50	67	17	34%
Adoption pre-service classes				
◆ # of classes offered	11	22	11	100%
◆ # of parent attendees	14	31	17	121%
Foster, Adoptive and resource classes				
◆ # of in-service training classes offered	25	39	14	56%
◆ # of conferences offered	11	8	(3)	(27%)
◆ # of one-day workshops	15	21	6	40%
◆ # of five-day workshops	0	6	6	n/a
◆ # of parent attendees for the above	51	74	23	45%
On-going Training classes				
◆ # of conferences				
◆ # of on-going training classes				
◆ # of workshops	17	8	(9)	(53%)
◆ # of 5-day conferences	9	77	68	756%
◆ # of parent attendees for the above	0	21	21	n/a
	0	6	6	n/a
	26	112	86	331%

C. Administrative and Operational Issues

As previously noted, we determined that Human Services had been extremely effective in providing services to the public. While Human Services appeared to be effectively accomplishing its overall mission, we did identify some areas where administrative and operational practices could be enhanced. However, we noted that the performance measures used for City budget purposes tended to be less meaningful. Also, we identified concerns related to cost reimbursements, special investigation procedures, system access, donations, petty cash, and staffing.

1. Performance Measures (Human Services)

Finding – The performance measurements and indicators used for City budget purposes related to Human Services’ programs were not as meaningful as those established for State reporting purposes.

According to the City’s Budget manual “Goals...may be the translation of the City’s or Department’s overall mission into specific action plans...Objectives are measurable activities that help to reach a department’s goal...Performance Measures are linked to specific goals and objectives. Performance Measures illustrate the estimated and the actual level of activity within a department.”

City budget measurements for the Department were developed in the early 1980’s, had not been updated, and were not as meaningful as performance indicators established for state reporting purposes. According to the Assistant Director, data submitted for reporting to the Commonwealth VDSS more accurately represents activities consistent with achieving the goals of the related programs.

Human Services staff believed that they had to continue to provide comparative information on the performance measures outlined in the City’s budget document, even though they did not collect this data in the normal course of their reporting and had to accumulate the City budget data manually.

Because the City budget performance measures were difficult to capture without using unduplicated figures, the budget targets utilized were estimates. The actual performance figures utilized to complete the budget document were also estimates.

Recommendation – Human Services should incorporate the more meaningful state reporting indicators into its City budget-related performance measurements.

Human Services should take steps to update the performance measures used in the City Budget so that they more realistically reflect Department activities. Human Services should either consider adapting the VDSS measures for the measures currently contained in the budget document or developing independent measures that they believe are meaningful. Once revised, the measures should be periodically reevaluated to help ensure that they remain relevant to the Department’s pursuit of its goals and objectives.

Response – The Division of Social Services will provide performance measures, which have been defined by the Virginia Department of Social Services, for our major programs which will be more meaningful to the City budget process. These measures include:

Timeliness of Processing Food Stamp Applications

Food Stamp payment error rate

Timeliness of Processing Medicaid Applications

The percent of TANF customers employed through the VIEW program

The average wage of TANF customers employed through the VIEW program

The percent of TANF customers employed after 3 months of job placement

The percent of foster children reunified with their families within 12 months of entering Foster Care

The percentage of adoptions finalized within 24 months of children entering Foster Care

The percentage of children re-entering Foster Care within 12 months of Prior Foster Care Episode.

The number of Adult Protective Services Reports Received and Investigated

The number of Adult Protective Services reports in Need of Protective Services

The number of families and children who received child day care services.

2. Cost Reimbursement Reconciliation (Human Services)

Finding – There were no policies and procedures established to ensure reconciliation of LASER report reimbursements received from the State to the City’s general ledger expenditures.

According to Section 3.17 of the June 2004 version of the Virginia Specifications for Audits of Counties, Cities, and Towns, “Separate warrant registers were maintained for each social services program. The local agencies maintain warrant registers to support payments where the local government issues the benefit check. The warrant registers supporting payments made by the local treasurer are totaled monthly and keyed into the Locality Automated System for Expenditure Reimbursement (LASER). The DSS reimburses the local government for the state and federal share of benefits using LASER. Amounts reported in LASER must be periodically reconciled to the local government’s general ledger.”

We randomly selected seven monthly LASER reports and traced a sampling of accounts as follows:

1. Compared to the Human Service’s LASER reimbursement requests
2. Compared to the City of Chesapeake’s revenue detail report entered by the Treasurer’s office

We also performed monthly and annual analyses of Monthly LASER reports against City expenditure accounts.

There appeared to be no exceptions when tracing the sample of LASER account balances to items (1) and (2) above, except for administrative accounts. We experienced difficulty, however, when trying to determine how these accounts were being allocated by the Commonwealth. After discussions with the Human Services and the State's Local Reimbursement staff, we were able to determine an alternative method of reconciliation for the Administrative costs.

While we were able to eventually reconcile the reimbursement requests and the revenue detail report, we were unable to reconcile the LASER report against the City expenditure accounts. During the first nine months of FY 2005, we noted variances between the reports ranging from \$81,000 to \$1.8 million.

The difficulties associated with the reconciliation process appeared to be the result of several factors. First, departmental users drew information for LASER submissions from the City's mainframe computer at different times, resulting in a variety of dates and no consistent cutoff. Second, because the administrative cost allocation occurred before the LASER reports were distributed by the State, it was difficult to match the cost categories against the information in the City mainframe. Finally, because of staffing shortages, Human Services occasionally delayed submission of expenses for the report, instead submitting the expenses in a subsequent month.

The difficulty in reconciling prevents the City from fully complying with the State requirement. It also potentially exposes the City to external audit findings and questioned costs during the City's year end audit.

Recommendation – Human Services should develop a procedure for reconciling LASER reports against the City's general ledger expenditures.

The procedure developed should include a consistent cutoff so that the reports which are used to generate the LASER are drawn from the mainframe at the same time. Also, a procedure should be developed to ensure LASER report are printed and reconciled prior to the State's allocation process to ensure an accurate and complete reconciliation. Finally, Human Services should coordinate its reconciliation process with the Finance Department and update the schedule to help ensure that potential posting discrepancies are identified.

Response - While payment information is collected from the City's accounting system on different dates, the expenses reported are based on what posted by month end. The dates shown on the LASER batch reports will vary but they only indicate what date the information was inputted into the State's LASER system and not the date the information was collected. The State establishes a yearly schedule showing the period of time the LASER will be open for reporting expenses. There is usually a 10 day window after month end. Several financial staff persons are responsible for ensuring that they meet this deadline for reporting. Therefore, the dates that information is keyed in will be different. Two circumstances exist where payments showing on the accounting system and what is reported to LASER will be

different. The first situation exists when City Finance back posts payments after the month has ended. This occurs frequently particularly during the month of June when the City is preparing for end of year and expenditures are reported based on when the expense/service occurred. When this occurs, the expense is reported to the State in the following month. The second situation occurs when the City posts monthly VUWRS payments based on the check run date and not the date of the check. According to State reporting requirements, we report expenses based on the date of the check. For example, the VUWRS board payments may run on the June 29th with the check date of July 1st. The expense cannot be reported until July 1st. With these two situations, it will be difficult to reconcile expenses reported to the State to the City's general ledger expenditures.

We are developing a method of reconciling the City's accounting system expenditures back to the State report and subsequent reimbursements from the State. However, with the new PeopleSoft accounting system, this task has become more difficult. We can coordinate with the Finance Department to minimize posting discrepancies but the two situations mentioned above will still exist unless there is a change to those processes. We are not able to update the schedule because it is directed from State level as to when the LASER system will open and close. Printing the accounting system reports at the time of reporting will also assist in tying the two reports and identifying variances to the month end accounting reports.

3. Special Investigation Case Files Documentation (Human Services)

Finding – Human Services did not have a procedure to ensure that all case files contained the required documentation for a special investigation.

The Virginia Department of Social Services (VDSS) provided guidance to individual localities. The guidance provided by VDSS internal audit outlined a number of areas to be included in special investigations, including application reviews, interviews, information verification, inclusion in other state programs, and summary preparation and maintenance.

We reviewed 10 of the 26 cases investigated by Human Services during a special investigation. We noted that while the investigative staff had complied with 76 of 80 applicable investigation elements that we had identified, 4 of the 80 were not complied with. We were unable to locate documentary evidence for the interview in two instances, while the other two instances occurred because required summaries were not included in the investigative file.

While it appeared that the Human Services investigators were usually thorough in preparing and maintaining the case files, there did not appear to be a procedure to ensure that all of the required documentation was included when the investigations were completed. For example, the situation with the two missing summaries appears to have occurred because the investigator responsible for those files left City employment before her files could be reviewed for completeness.

As was indicated, most of the investigations appeared to be handled correctly. However, any deficiencies in case file documentation could potentially affect disciplinary or other actions that may arise from the cases.

Recommendation – Human Services should develop a procedure that ensures that all case files contain the required documentation for special investigations.

Human Services should create a checklist or other documentation that can be used to close out case files for special investigations. The checklist should include all elements required for the investigation, consistent with any guidance provided by VDSS or other oversight organizations. The checklist will help ensure that documentation is complete in the files, and that any necessary actions can proceed without complications related to the completeness of the case files.

Response - Special investigations of employees receiving disaster food stamp benefits were mandated by the Food and Nutrition Services. Localities were instructed by the Virginia Department of Social Services to verify income, resources, household composition and expenses declared on the disaster application. No other guidance was given. In order to comply with the findings in this report, the following procedures will be put in place to ensure that there is consistency when cases are reviewed:

- 1. All employee applications will be processed by a designated supervisor or senior worker.**
- 2. All special case reviews of employee applications will be conducted by the senior worker in the fraud unit.**
- 3. The fraud supervisor will review the cases for accuracy and completeness and initial and date the case record.**
- 4. A case review check list will be developed based on the criteria set forth by the State. The checklist will become a permanent part of the case record for audit purposes.**

4. Application Security Access (CIC)

Finding – CIC did not have policies and procedures to document authorized users and their access to both the Harmony Program and the Comprehensive Services Act (CSA) website. Additionally, the administrative identification name and password were known to users of Harmony.

Harmony was a system application that was used by CIC to help provide a collaborative system of services and funding for at-risk youths and their families. The CSA website was used by CIC to transmit CSA reimbursement information and client information to the State. Administrative user identifications and passwords were supposed to restrict access to both programs. However, documentation to show access and authorization to Harmony and the CSA website did not appear to exist. Furthermore, the administrative identification name and password for the Harmony Program was known to all CIC Department members and a part-time employee.

In the absence of such policies and procedures, Audit Services reviewed system access to ensure users' application access was approved by management in accordance with individual job functions. We found that CIC did not have formal policies and procedures to document program and system users.

While CIC personnel were aware of this situation, they had not yet had an opportunity to address the need to restrict system access. However, unauthorized use of the administration identification name and password may occur due to lack of control over system access. Employees who had administrative system access would be able to add users, grant access privileges to applications, and perform any function on the application such as adding and deleting records. Additionally, users' access to these applications may not be consistent with management's objectives.

Recommendation – The CIC should develop policies and procedures to document system access and grant authorization to the Harmony application and CSA website based upon job function and management's objectives.

In addition to developing these policies and procedures, contact the State to determine suggested system documentation requirements. Furthermore, the Harmony administration identification name and password should be limited to a primary user and their backup and changed on a periodic basis to help ensure that system access and usage is adequately safeguarded.

Response - The Comprehensive Services (CSA) website is open to the public. The maintenance of this site is handled by the State Office of Comprehensive Services in Richmond. Access into various connections to the main site is obtained through user names. Data Set information for the purpose of quarterly and annual reporting are uploaded. This information does not have a confidentiality issue as the completed report for the entire State is published per locality for review by the general public.

The Harmony software system utilized for data collection provides each CIC staff to have access to a different level of usage (access to various groupings of information and review capabilities). All information for data collection purposes is password protected. The administrative password is only given out on as needed basis at the discretion of the Coordinator. There is a tracking system for the program. It documents who uses and makes changes to or updates the system. There is the capability available to enter into the tracking log and determine if anyone else is on the system.

Upon a consultation with the Human Services Department IT staff it was determined that a written authorization form which requires staff signature will be put in place. These forms will be maintained in the CIC Office by the Coordinator.

CIC Office Support Staff attended Harmony S.O.P. and user training last fiscal year. The CIC Coordinator will attend a national Harmony training seminar and seek out dedicated time for technical assistance in September 2005.

5. Policies and Procedures for RMDI Accounts (Human Services)

Finding – There did not appear to be policies and procedures for the reconciliation of RMDI accounts against the program administrators’ records for the Foster Parent Appreciation Banquet (Banquet) and the Social Work Crisis Intervention Program (SWCIP).

The majority of funding in FY 2005 for the SWCIP crisis intervention program came from RMDI funds. The program had grown significantly to assist more families in need of services provided by this program. The program had expended approximately \$98,000 of RMDI funds as of January 2005 exceeding to the combined total spending of approximately \$2,638 from 2002 to 2004. A monthly reconciliation should have occurred between RMDI accounts and the program administrator’s running balance, to ensure that the RMDI funds were properly accounted for.

We found that Human Services did not have formal policies and procedures for reconciling the RMDI funds against the program administrators’ running balances as detailed below:

For the Banquet, the administrator for the Banquet was able to provide a listing of services provided with their respective allocations, amounts spent, and a running balance for the banquet expenses. However, the RMDI accounting summaries did not provide enough detail to reconcile the program manager’s running balance to the RMDI account. Therefore, the monthly or annual reconciliations could not be performed between the RMDI and program administrator’s records for the Banquet.

For the SWCIP, the program administrator maintained thorough records of the SWCIP Customer and Financial Monthly Log and SWCIP Customer and Financial Tracking Year–To-Date Report. The administrator used these reports to track individuals benefiting from the program, the types of benefits, and total funding provided per person. Therefore, these records could have been used to reconcile to the RMDI Fund expenditures if a requirement were in place.

This situation appears to have occurred because the City’s financial system limited access to detailed transactions for reconciliation purposes for RMDI monies expended for the Banquet expenses. Additionally, a procedure did not exist that would require RMDI accounting detail to be shared with the SWCIP program administrator. Therefore, no monthly or annual reconciliations were performed between the RMDI fund and the Banquet and Social Work Fund Programs.

Recommendation – Human Services should develop policies and procedures to reconcile the RMDI fund against the Banquet and the SWCIP.

With the implementation of the new Project Link PeopleSoft Financial Accounting System in July 2005, we recommend the development of policies, procedures, and training in the use of on-line detail tracking that can be used to reconcile the RMDI fund accounts to the program administrators’ records. This reconciliation will enhance accountability over the use of these funds.

Response – Written policies and procedures will be written to include various program allocation of funds. Spreadsheets have been developed for several of the program allocation of funds including Crisis Intervention, Banquet, CPS Psychological Service and Foster Care Tutoring, and APS Enhancements, Services Training. These reports list the transactions and purpose of expense with dollar amounts and balances. Reports are given to supervisors for review. As supervisors also have a list, their reports are returned to the Fiscal Administrator for review. Differences in the two reports are compared and the reports are adjusted based on conclusion of the two parties. Reports are compared no less than once a quarter and usually once a month.

With the new accounting system the availability to develop special reports is not yet available. Viewing of an account alone does not give the user the information needed to monitor their funding. Further breakdown in account structure through the system will need to be accomplished before this is useable. The Fiscal Administrator will continue to work with Finance in developing meaningful reporting that will give the user this capability.

6. Management of Charitable Solicitations (Human Services)

Finding – There did not appear to be a centralized process established to collect Christmas sponsorship monetary donations. Additionally, the bank account established for the Social Work Fund Program had been accruing a monthly fee of \$11 since the fall 2004 because of the inactivity in the account.

The Christmas Sponsorship Program solicited money and non-monetary items (bikes, gift certificates, clothes, etc.) for children in the agency's care at Christmas. According to Administrative Regulation 2.01 section IV6h. states, "A receipts journal and a disbursements journal should be maintained, and bank statements should be reconciled against them on a monthly basis." Also, bank accounts should be closed whenever there is inactivity.

Monetary donations for the Sponsorship Program were received by various social workers and forwarded to a social worker for deposit. However, there was no central tracking system for incoming donations. This social worker and the supervisor had check writing authority on the account. This social worker was also responsible for maintaining the bank account records and reconciling the account. Additionally, since the bank account for the Social Work Fund remained inactive since August 2004, the bank account had accrued a total of \$121 in bank fees to date.

There did not appear to be a centralized cash/check receipts process for incoming monetary donations. Additionally, there was no separation of duties established between persons handling cash deposits, the custodian of the bank account records, and the reconciler of the bank account. Without a donation process or adequate separation of duties, the potential existed for untimely deposits and/or misuse of funds.

Recommendation – Human Services should develop a cash/receipts tracking process for incoming donations.

In developing this process, duties should be separated among those handling cash, performing record keeping, and reconciling the bank account, to enhance internal controls. Also, the bank account previously established for the Social Work Fund Program should be closed to eliminate the accruing monthly charges.

Response: It was found that the donations were being handled off the City books. The Social Work Fund Program was closed and funds were deposited with the City in a Grant Fund account. Procedures for handling donations have been written. An appropriation of funds will be necessary in order for the department to spend these funds. Tracking incoming donations will be through the City’s accounting system as will as payments out.

7. Staffing Issues

Finding – Several Divisions within Human Services indicated they were being adversely impacted by vacancies.

Human Services had a total complement of 343 positions. However, in June 2005 Human Services had as many as 36 vacancies, including 17 at TDH, which was a 24-hour operation. Six of the thirteen divisions that responded to our departmental survey indicated that they were experiencing staffing concerns. Some of the concerns raised were as follows;

CPS and APS Human Services: “Maintaining adequate staffing levels is the major concern. We have operated with vacancies that have affected our effectiveness and efficiency over the past several years...If staff is too short and something is missed that can mean a child’s life.”

VIEW: “Services are only recently beginning to be affected by this vacancy, as caseloads began to increase during the last quarter of 2004. Plans are to ask that this position be filled in the near future, so as not to negatively impact the case management function.”

Food Stamp Administration and Bureau of Public Assistance: “There have been as many as 11 benefit worker positions vacant throughout the last fiscal year that ended June 2004. Eight positions were filled in November 2004. These positions were held vacant in order to meet the City’s vacancy savings requirements. The vacancies resulted in increased caseloads for staff and error rate for the food stamp program has steadily risen from 4.5% in FY 2003 to 6.48% in FY 2004.”

Interagency Consortium: The Coordinator position being vacant for almost a year

has been of great concern to the division and the department.⁵

Child Quality Initiative Grant: We need to apply for the grant when the RFP is announced because our providers, families, and children served need these enhancements. Our greatest concern is managing when we are short staffed.

Title IV-E Pass Through Training: One concern would be an internal agency concern. Our Finance Department has had vacancies which has made it more difficult to obtain records of expenditures.

This situation appears to have occurred because the divisions were required to maintain vacancies in order to meet the department's vacancy savings target. However, the inability to maintain a full staffing complement adversely impacted service delivery and, depending on the program, could potentially have other serious impacts as well.

Recommendation – Human Services should work with Human Resources to ensure that vacancies are filled in a timely manner.

The City is eliminating vacancy savings requirements for TDH. Therefore, Human Services should work with Human Resources to ensure that these vacant positions are filled as quickly as possible. As for the remainder of the department, Human Services should coordinate efforts with Human Resources and the Budget Department to ensure that vacancies are kept to the absolute minimum necessary to meet budget requirements.

Response – The administrative team has meet and pulled together a list of vacancies that can be filled. There are several things going on in the Department that impact the vacancies for each unit and timeliness is not always the only criteria. The Department must also review the impact of promotions, retirements, and resignations as well as payouts, position freezes and availability of funds which is impacted by vacancy savings. Because vacancy savings is built into the budget we do not have the authority to ignore this adjustment to our budget. Each of these items has been addressed as to the impact and several positions have been advertised. Please remember that vacancies are posted with the Virginia Department of Social Services – Human Resources and we cannot control the timeliness of their handling the advertisement of vacancies. In addition we have had some problems with the States description of titles and the equivalency of positions which have also caused delays. The Department has been working with the State to resolve these issues.

8. Administrative Petty Cash Fund

Finding - There had been no activity since approximately June 2004 in one of the two petty cash funds.

Petty cash funds that were no longer needed should be returned to the Finance Department. In reviewing the Social Services division, we noted that the total amount of

⁵ As of June 6, 2005 the CIC Coordinator Position was filled.

funding designated to each custodian was \$150. On January 19, 2005, we counted all \$300 in currency with no exceptions. However, there had been no activity since approximately June 2004 in one of the two petty cash funds valued at \$150.

This situation appears to have occurred because the other \$150 petty cash fund was the primary petty cash fund used by Human Services. Therefore, the other petty cash fund might be more effectively utilized in other parts of the City.

Recommendation – Since there has been no activity for one petty cash fund totaling \$150 since approximately June 2004, we recommend that its cash be returned to the Finance Department.

If Human Services determines that the other \$150 actually is not needed for its operating purposes, the other \$150 petty cash fund should be returned to the Finance Department. This action will allow these funds to be utilized in other parts of the City.

Response – A memo was drafted and the mentioned petty cash fund was returned to the City’s Treasurer’s Office to close this item. Petty Cash on the General Fund would be reduced by this amount.

APPENDIX A

RESPONSE FROM HUMAN SERVICES DEPARTMENT OFFICIALS

**DEPARTMENT OF SOCIAL SERVICES RESPONSES TO 2004-2005
PERFORMANCE AUDIT
Conducted by City of Chesapeake Audit Services Department**

C. ADMINISTRATIVE AND OPERATIONAL ISSUES

SECTION 1 – PERFORMANCE MEASURES

Finding – The performance measurements and indicators used for City budget purposes related to Human Services’ programs were not as meaningful as those established for State reporting purposes.

Recommendation – Human Services should incorporate the more meaningful state reporting indicators into its City budget-related performance measurements.

Response – The Division of Social Services will provide performance measures, which have been defined by the Virginia Department of Social Services, for our major programs which will be more meaningful to the City budget process. These measures include:

Timeliness of Processing Food Stamp Applications

Food Stamp payment error rate

Timeliness of Processing Medicaid Applications

The percent of TANF customers employed through the VIEW program

The average wage of TANF customers employed through the VIEW program

The percent of TANF customers employed after 3 months of job placement

The percent of foster children reunified with their families within 12 months of entering Foster Care

The percentage of adoptions finalized within 24 months of children entering Foster Care

The percentage of children re-entering Foster Care within 12 months of Prior Foster Care Episode.

The number of Adult Protective Services Reports Received and Investigated

The number of Adult Protective Services reports in Need of Protective Services

The number of families and children who received child day care services.

SECTION 2 – COST REIMBURSEMENT RECONCILIATION

Finding – There were no policies and procedures established to ensure reconciliation of LASER report reimbursements received from the State to the City’s general ledger expenditures.

Recommendation – Human Services should develop a procedure for reconciling LASER reports against the City’s general ledger expenditures.

Response - While payment information is collected from the City's accounting system on different dates, the expenses reported are based on what posted by month end. The dates shown on the LASER batch reports will vary but they only indicate what date the information was inputted into the State's LASER system and not the date the information was collected. The State establishes a yearly schedule showing the period of time the LASER will be open for reporting expenses. There is usually a 10 day window after month end. Several financial staff persons are responsible for ensuring that they meet this deadline for reporting. Therefore, the dates that information is keyed in will be different. Two circumstances exist where payments showing on the accounting system and what is reported to LASER will be different. The first situation exists when City Finance back posts payments after the month has ended. This occurs frequently particularly during the month of June when the city is preparing for end of year and expenditures are reported based on when the expense/service occurred. When this occurs, the expense is reported to the State in the following month. The second situation occurs when the City post monthly VUWRS payments based on the check run date and not the date of the check. According to State reporting requirements, we report expenses based on the date of the check. For example, the VUWRS board payments may run on the June 29th with the check date of July 1st. The expense cannot be reported until July 1st. With these two situations, it will be difficult to reconcile expenses reported to the State to the City's general ledger expenditures.

We are developing a method of reconciling the City's accounting system expenditures back to the State report and subsequent reimbursements from the State. However, with the new PeopleSoft accounting system, this task has become more difficult. We can coordinate with the Finance department to minimize posting discrepancies but the two situations mentioned above will still exist unless there is a change to those processes. We are not able to update the schedule because it is directed from State level as to when the LASER system will open and close. Printing the accounting system reports at the time of reporting will also assist in tying the two reports and identifying variances to the month end accounting reports.

SECTION 3 - SPECIAL INVESTIGATION CASE FILES DOCUMENTATION

Finding – Human Services did not have a procedure to ensure that all case files contained the required documentation for special investigation.

Recommendation – Human Services should develop a procedure that ensures that all case files contain the required documentation for special investigations.

Response – Special investigations of employees receiving disaster food stamp benefits were mandated by the Food and Nutrition Services. Localities were instructed by the Virginia Department of Social Services to verify income, resources, household composition and expenses declared on the disaster application. No other guidance was given. In order to comply with the findings in this report the following procedures will be put in place to ensure that there is consistency when cases are reviewed:

1. All employee applications will be processed by a designated supervisor or senior worker.
2. All special case reviews of employee applications will be conducted by the senior worker in the fraud unit.
3. The fraud supervisor will review the cases for accuracy and completeness and initial and date the case record.
4. A case review check list will be developed based on the criteria set forth by the State. The checklist will become a permanent part of the case record for audit purposes.

SECTION 4 – APPLICATION SECURITY ACCESS – CIC

Finding – CIC did not have policies and procedures to document authorized users and their access to both the Harmony program and the Comprehensive Services Act (CSA) Website. Additionally, the administrative identification name and password were known to users of Harmony.

Recommendation – The CIC should develop policies and procedures to document system access and grant authorization to the Harmony application and CSA website based upon job function and management’s objectives.

Response – The Comprehensive Services (CSA) Website is open to the public. The maintenance of this site is handled by the State Office of Comprehensive Services in Richmond. Access into various connections to the main site is obtained through user names. Data Set information for the purpose of quarterly and annual reporting are uploaded. This information does not have a confidentiality issue as the completed report for the entire State is published per locality for review by the general public.

The Harmony software system utilized for data collection provides each CIC Staff to have access to a different level of usage (access to various groupings of information and review capabilities). All information for data collection purposes is password protected. The Administrative password is only given out on as needed basis at the discretion of the Coordinator. There is a tracking system for the program. It documents who uses and makes changes to or updates the system. There is the capability available to enter into the tracking log and determine if anyone else is on the system.

Upon a consult with Human Service Department IT Staff it was determined that a written authorization form which requires staff signature will be put in place. These forms will be maintained in the CIC office by the Coordinator.

CIC Office Support Staff attended Harmony S.O.P. and user training last fiscal year. CIC Coordinator will attend a National Harmony training seminar and seek out dedicated time for technical assistance in September 2005.

SECTION 5 – POLICIES AND PROCEDURES FOR RMDI ACCOUNTS

Finding – There did not appear to be policies and procedures for the reconciliation of RMDI accounts against the program administrator’s records for the Foster Parent Appreciation Banquet (Banquet) and the Social Work Crisis Intervention Program (SWCIP).

Recommendation – Human Services should develop policies and procedures to reconcile the RMDI fund against the Banquet and the SWCIP.

Response – Written policies and procedures will be written to include various program allocation of funds. Spreadsheets have been developed for several of the program allocation of funds including Crisis Intervention, Banquet, CPS Psychological Service and Foster Care Tutoring, and APS Enhancements, Services Training. These reports list the transactions and purpose of expense with dollar amounts and balances. Reports are given to supervisors for review. As supervisors also have a list, their reports are returned to the Fiscal Administrator for review. Differences in the two reports are compared and the reports are adjusted based on conclusion of the two parties. Reports are compared no less than once a quarter and usually once a month.

With the new accounting system the availability to develop special reports is not yet available. Viewing of an account alone does not give the user the information needed to monitor their funding. Further breakdown in account structure through the system will need to be accomplished before this is useable. The Fiscal Administrator will continue to work with Finance in developing meaningful reporting that will give the user this capability.

SECTION 6 – MANAGEMENT OF CHARITABLE SOLICITATIONS

Finding – There did not appear to be a centralized process established to collect Christmas sponsorship monetary donations. Additionally, the bank account established for the Social Work Fund Program had been accruing a monthly fee of \$11 since the fall 2004 because of the inactivity in the account.

Recommendation – Human Services should develop a cash/receipts tracking process for incoming donations.

Response – It was found that the donations were being handled off the City books. The Social Work Fund Program was closed and funds were deposited with the City in a Grant Fund account. Procedures for handling donations have been written. An appropriation of funds will be necessary in order for the department to spend these funds. Tracking incoming donations will be through the City’s accounting system as well as payments out.

SECTION 7 – STAFFING ISSUES

Finding – Several Divisions within Human Services indicated they were being adversely impacted by vacancies.

Recommendation - Human Services should work with Human Resources to ensure that vacancies are filled in a timely manner.

Response – The Administrative team has meet and pulled together a list of vacancies that can be filled. There are several things going on in the department that impact the vacancies for each unit and timeliness is not always the only criteria. The department must also review the impact of promotions, retirements, and resignations as well as payouts, position freezes and availability of funds which is impacted by vacancy savings. Because vacancy savings is built into the budget we do not have the authority to ignore this adjustment to our budget. Each of these items has been addressed as to the impact and several positions have been advertised. Please remember that vacancies are posted with the Virginia Department of Social Services – Human Resources and we cannot control the timeliness of their handling the advertisement of vacancies. In addition we have had some problems with the States description of titles and the equivalency of positions which have also caused delays. The department has been working with the State to resolve these issues.

SECTION 8 ADMINISTRATIVE PETTY CASH FUND

Finding - There had been no activity since approximately June 2004 in one of the two petty cash funds.

Recommendation – Since there has been no activity for one petty cash fund totaling \$150 since approximately June 2004, we recommend that its cash be returned to the Finance Department.

Response – A memo was drafted and the mentioned petty cash fund was returned to the City's Treasurer's Office to close this item. Petty Cash on the General Fund would be reduced by this amount.

Doris "Cookie" Palacios,
Director of Human Services

Date