

Managerial Summary

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 January 1, 2018 to May 31, 2019. 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 were being achieved, and whether it was complying with applicable City procedures in its handling of Title IV-E processes, contract administration, and other areas. All divisions of Human Services were subject to evaluation, especially Social Services and Chesapeake Juvenile Services. 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.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Human Services employed a work force of approximately 362 full-time and part-time employees. Their budget for fiscal 2018-19 exceeded \$35.5 million dollars, and accounts for 3.36% of the City's current budget. Areas of operational responsibility included Joint Staff Operations, Service Staff Operations, Eligibility Staff Operations, Bureau of Public Assistance, Human Services-Other, Welfare to Work, and the Fatherhood Program, Juvenile Services, and the Interagency Consortium.

To conduct this audit, we reviewed and evaluated City and Department policies, procedures, operations, documents, and reports, both internal and external. This review included testing and evaluation of the Department's food inventory system, access control, and internal control over case management.

Major Observations and Conclusions

Based on our review, we found that Human Services generally had sound practices and procedures, which complimented its overall mission of their programs. However, it was noted that there were issues with compliance and support to improve communications and internal controls among the staff, especially within the Title IV-E program and the need for a more robust Fraud program to ensuring program integrity in all Human Services. Also, the detention center had numerous areas of concerns such as P-cards, food inventory, billings, key control, and contracts. Another area of concern was facility and computer access control.

This report, in draft, was provided to Department officials for review, and response, and their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. Department management, supervisors, and staffs were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

B. Departmental Practices, Procedures, and Performance Measurements

While the scope of this audit was limited, the role of Human Services in Chesapeake was not. The stated Mission of Human Services was “Helping to make people’s lives better by promoting positive change.” The department strived to do this in one of its four main component parts. These parts, Community Programs, Interagency Consortium, Juvenile Services, and Social Services, served the Citizens of Chesapeake across all demographic considerations and touched their lives in one way or another.

1. Community Programs

The mission of the Division of Community Programs was to promote services, coordination, and collaboration in the community for the enhancement of the Quality of Life for Chesapeake residents. There were 30 employees who worked in Community Programs that provided an array of services that enhanced the lives of Chesapeake citizens. There were seven service areas within the Division:

- a. Community Development
- b. Family / Youth Development
- c. Community Outreach
- d. Community Prevention
- e. Community Partnerships
- f. Community Corrections
- g. Community Relations

2. Interagency Consortium

The Interagency Consortium administered the Children’s Services Act (CSA). This act provided for a collaborative system of services that was centered on the child, focused on the family, and community based. The consortium provided services to disabled, troubled, and at-risk youths and their families. These services were provided in partnership with Human Services, Integrated Behavioral Healthcare, Public Schools, Court Services, and the Health Department. This program area had six main services. They were Regular Foster Care, Therapeutic Foster Care, Congregate Care, Non Mandated, Private Day School, and Community Based Care.

3. Juvenile Services

Chesapeake Juvenile Services (CJS) was a 100-bed facility located on Albemarle Drive in Chesapeake in the City's Municipal Complex. CJS was a division of Chesapeake Human Services. The Director of Chesapeake Human Services provided supervision to the Superintendent of CJS.

The facility was subdivided into general purposes areas that included: administrative offices, school administration, kitchen, cafeteria, laundry, housekeeping, maintenance, training room, gymnasium, Y.E.S. (Youth Entertainment Studio), school classrooms, school library, computer lab and offices, social work offices, videoconference room, clinic, intake, control, reception, and eight separate residential housing units that included day rooms and multi-purpose rooms. It should be noted that the maintenance work space and food storage facility was located in a separate annex behind the main facility.

4. Social Services

By far the largest area in Human Services was the Social Services area. This area provided over \$243 million dollars in financial benefits a year to citizens and also determined eligibility for the Supplemental Nutrition Assistance Program (SNAP), Medicaid Services, Energy Assistance and Temporary Assistance to Needy Families (TANF). Over 40,000 unique citizens of the City received the support provided through Public Benefits each year. Child and adult protective services, foster care, adoption and employment services were also components of this division. Community collaborations were very important to help maximize the investments in time, money, and effort being made by the City. These collaborations were also important to help the City determine and plan for emerging issues, respond to emergencies, and build safe communities.

- a. Public Benefits Eligibility was determined and administered by Social Services. These benefit programs assisted families by supplementing or replacing necessities. These programs, such as SNAP, TANF, and Medicaid, assisted low income, elderly and disabled families and individuals.
- b. Prevention Services were a critical part of the Social Services landscape. Social Services staff sought to prevent CPS involvement with at risk families. Social Services staffed both the Baby Care Oversight Team (coordinated by the Health Department) and the Truancy Team (coordinated by Chesapeake Public Schools.) As a part of those teams, Social Services might become involved with those families who were at risk of abusing or neglecting their children.
- c. Child Protective Services (CPS) was responsible for intervening in whatever way was necessary to ensure the child's safety and to prevent further harm from abuse or neglect. Protecting the child, validating sexual abuse, and seeing to the safety of other possible victims, such as siblings or friends, were the priority of the CPS

social worker. Each year the City received approximately 2,500 reports of alleged child abuse, approximately 1,500 of those reports required investigation. CPS hotline and emergency intervention services were provided 24 hours a day every day, as required by law. At any time of day or day of the year, at least one investigator and one supervisor was on-call to address CPS issues. The Chief of Child Welfare was also on-call 24 hours a day to support the on-call team and respond to serious injuries, fatalities, and other traumatic reports.

- d. **Foster Care Programs** worked with children ages 0 – 17 who had been removed from the care of their families and placed in the custody of Chesapeake Social Services. Because children did best in families, Federal and State law required that Social Service staff demonstrated that 1) continued placement in the home would be contrary to the welfare of the child, and 2) that reasonable efforts were made to prevent out of home placement. Most of the children in Foster Care come from families who had CPS involvement, and based on those efforts, had been determined that the family was either unable or unwilling to provide a safe and stable home for their child. In certain emergency cases, children were removed from their home during the CPS investigation process because it had been determined that the child was in immediate danger.
- e. **Adoption Services** were also provided by Chesapeake's Human Services' Adoption Services. These services included counseling to birth parents who were considering adoption, placement of children whose parental rights had been terminated, and necessary home studies for prospective adoptive parents. While children were still in the custody of Social Services but were receiving Adoption Services, all of the requirements of Foster Care workers remained. In addition, the worker must have also completed all of the required services related to adoption including assessing adoptive families, initiating and following through with JDRC, screening the child, and working with the Virginia Department of Social Services to negotiate adoption assistance.
- f. **Social Services** staff were responsible for the recruitment, monitoring, and training for Resource Homes (formerly known as Foster Homes). In order to ensure that the children entering Foster Care had safe homes with families where they were able to reside temporarily, the Resource Home staff was required to recruit for families who were willing and able to be Resource Families. Because most of the children in Foster Care had been victims of abuse or neglect, and many times were facing additional issues such as disabilities, it was critical that the Resource Families were provided with the training and support needed to address these issues. Also, since many of the Resource Families chose to adopt the children they had fostered, or for other reasons chose to end their service as Resource Families, the process of recruitment was constant. The Resource Staff also conducted the initial Mutual Family Assessments (formerly known as Home Studies), and the addendums as family circumstances changed.

- g. Interstate Compact for the Protection of Children (ICPC) services were provided when children in Foster Care were being assessed for movement across state lines. Chesapeake (through the Virginia Department of Social Services' ICPC Office) both received and referred out cases for ICPC consideration. If a case was received and approved in Chesapeake, ICPC staff provided ongoing monitoring and support to those children and reported back to the sending state regarding progress in the case. For receiving cases, a full Mutual Family Assessment was completed and recommendations for or against ICPC placement were sent back to the referring state.
- h. Adult Protective Services (APS) provided a wide variety of services to stop and prevent future acts of abuse, neglect or exploitation of incapacitated adults age 18 and over, and to any person age 60, or over, by persons who were responsible for their care. Services included:
 - 1. Receipt and investigation of reports that an adult was abused, neglected or exploited, or was at risk of abuse, neglect or exploitation.
 - 2. Assessment of needs and connection with health, housing, social and legal services.
 - 3. Legal intervention to provide essential protection in emergency situations for those who lacked the capacity to consent to services.
- i. Adult Services provided services that allowed adults to remain in the least restrictive setting and function as independently as possible by providing supportive services. Adult Services were provided to adults age 18 or over who had a disability.
- j. An additional program that is run by Social Services was the FIND (Fathers in New Directions) Program which was a fatherhood program designed to lead fathers to self-sufficiency, active involvement in the lives of their children, to secure gainful employment, and to meet their financial obligations to their children.

5. Chesapeake Resource Center

In June 2019, Human Services received approval for a service center for the homeless or those at risk of becoming homeless. The center would assist the target population with housing, employment, benefits, mental health access, laundry, showers, and other daily needs. The Day Service Center also supported the U.S. Department of Housing and Urban Development (HUD) Continuum of Care planning goal that "homelessness will be rare, brief, and nonrecurring."

C. Operational Issues -- Human Services-Virginia Dept. of Social Services (VDSS)

There were two major issues that surfaced that impacted the efficiency and effectiveness of Human Service-VDSS processes. The first was the need for more compliance and support to improve communications and internal controls among the staff, especially within the Title IV-E program. The second was the need for a more robust Fraud program to ensuring program integrity in all Human Services programs.

1. Human Services Compliance and Information Technology Support Issues

Finding - Human Services did not have processes in place to effectively and efficiently ensure compliance with Federal Title IV-E eligibility requirements for Foster Care and did not have adequate controls in place to prevent or detect Title IV-E payment errors.

Recommendation – Human Services should continue to develop, establish and implement a Quality Assurance, and Payment Accuracy teams to diminish the number of payment and documentation errors that currently exist. Management oversight and communications needs to be improved.

Response - In October 2018, CDHS began to build an Administrative Fiscal Support Team, mirroring best practices in other Human Service agencies. With focus on this process and more appropriately centralizing this function under the Fiscal team, rather than asking each Family Services Specialist (Social Worker) to be responsible for the accounting and fiscal responsibilities, made sense and in practice will reduce IV-E funding program errors. We have seen positive outcomes in the last IV-E review completed by the Regional State Office in preparation for the Federal Audit on September 23-27, 2019. The results of the April 2019 IV-E review showed no fiscal errors and some minor programming errors. We will continue to put in processes to minimize these errors. In addition to the fiscal team's oversight, we have recently hired a Quality Assurance Supervisor to review all processes and cases in the child welfare programs, recommend efficiencies and conduct on-going training. It is anticipated this team will be fully functional by August 1, 2019. We will continue to track the audit outcomes for IV-E funding.

2. Fraud Program

Finding - Human Services had 61 overdue fraud investigations as of May 31, 2019, of which the majority were cases were received and started in 2017 & 2018. The Fraud Division was not getting the management support and oversight needed and had not been fully staffed for extended periods of time. In addition, Virginia Case Management System (VaCMS) reports contained data that was inaccurate and unreliable.

Recommendation - Efforts should be made to reduce the investigation backlog and new cases should be investigated timely as required. Management support and oversight over the fraud program needs to be improved.

Response - Effective June 1, 2019, the Fraud team has been moved under a senior level leader for more direct oversight and processes are being reviewed for greater efficiency. We are hiring an additional Fraud Investigator as part of a recent request for reclassification and staffing review. We have hired a Quality Assurance Supervisor for all Benefit programs, including the Fraud team, to review processes and cases for increased efficiencies, error reduction and training.

D. Operational Issues – Chesapeake Juvenile Services

A review of Chesapeake Juvenile Services found several areas that impacted the functionality and efficient control over the detention home. These areas included holding employee P-Cards, keeping cash that should have been returned, and lack of control over the food inventories. Other areas included slow billings for services rendered, control over keys, and failure in verifying contract prices to invoices.

1. Safeguarding of Assets

Finding – Chesapeake Juvenile Services (CJS) was holding active employee P-Cards. Also, since 2015, CJS had been holding cash that should have been returned to the owner or escheated to the State.

Recommendation – CJS management should review their controls involving safeguarding assets and establish, document and implement proper controls over the assets held by CJS, including P-Cards and cash.

Response – CJS administration will order the necessary drop box safe with two keys to hold all assets. The safe will be a pre-drilled safe in order to assure bolting it to the floor, wall, or furniture will allow its placement to be a permanent fixture. Both Assistant Superintendents will be authorized to have the two different keys to the safe and both keys must be used in order to have entry as needed. Administration will create a log that will list date and time safe is opened, item(s) removed, or added, both authorized persons initials, and the same steps when the safe is locked.

Administration will distribute the written procedures that have been in place but not practiced that address safeguarding assets and will adjust procedures if necessary.

2. Food Inventory

Finding - There were no documented procedures established for the handling of the food inventory. Perpetual food inventory records were not being kept for the food inventory maintained by CJS. There was no independent count of the food inventory on a monthly basis. A food inventory general ledger account was not set up on the PeopleSoft system. In addition, USDA revenue reimbursement funds had not been applied to offset food expenses. Security over the food inventory area needed to be enhanced.

Recommendation - CJS management should develop and document food inventory procedures and implement the food inventory process established therein. Food inventory should be counted at the end of each month by an independent person. Also, CJS management should consult with the Finance Department to determine the proper accounting for food inventory on the general ledger. CJS should also attempt to access the USDA grant funds to help offset food expenses on an ongoing basis. Further, access to the food inventory area needs to be restricted to the extent practical.

Response - In February 2019, a new acting Food Services Manager was promoted from within the food service staff. Prior to the new acting food manager, there were no instruments used to track inventory. Since that time, the food service manager has put in place inventory controls to ensure all food and new inventory are tracked and accounted for. Monthly inventory audits are conducted.

As of February 2019, there have been no vendor samples, gifts or USDA bonuses accepted and policies are in place to prohibit this.

All vendors must now report to the main entrance to CJS to check in prior to driving to the rear of the building to off load supplies.

Administration has researched and discussed with Purchasing and Finance the possibility of adding inventory software. Currently we use PeopleSoft as a financial managing system, but not the expanded Inventory Module.

3. Detention Home Service Billing

Finding - The billing process for detention home services for localities needed improvement. There were no signed Memorandum of Understanding (MOU) agreements for the localities receiving detention home services from CJS. Monthly billing for services rendered were not being sent out timely. Manual records for tracking payments were not kept current and did not indicate the total delinquent outstanding balances for the various localities.

Recommendation - CJS management should obtain signed MOU agreements for each locality that receives detention home services from CJS. Monthly billing should be prepared and mailed by the end of the first week of each month. Manual spreadsheets for tracking payments should be updated when payments are received and any payment that remains delinquent over 30 days should be followed up for payment. In addition, CJS management should monitor the billing process to ensure billing is completed timely and that delinquent accounts are followed up for payment.

Response - Memorandums of Understanding are being developed with each locality to address payment for services. Administration will use the State Department of Juvenile Justice BADGE system with the information needed to avoid further late billings of miscellaneous invoices to all localities receiving services for residents at CJS. Administration will be responsible for following up on delinquent payments. Manual records kept by administration are posted with up to date information showing: Current, 30-59 days, 60-89 days, and over 90 days. Administration will work with the Department of Social Services Fiscal Administrator to review other City fiscal reporting systems in order to follow up on delinquent outstanding payments.

4. Facility Keys

Finding- Control over the master key box which housed facility keys for all units needed to be improved.

Recommendation - Consideration should be given to upgrade the existing key control process by obtaining digital access control key box. This would streamline the key control process and free up supervisory time each day. Consideration should be given to install a camera in the receiving area.

Response - The doors on the facility's master key control box have been adjusted and properly aligned by maintenance personnel. Access to the master key, which permits access to the Facility's master key control box, will be limited to essential staff. CJS is in the process of purchasing a combination safe for the specific purpose of securing the master key control box key. Key box access will be limited to Operations Coordinators, Control Staff, Maintenance Supervisor, and Administration. The facility key box will remain locked at all times when not in use.

5. Contracts

Finding – CJS did not verify that the prices on invoices were in agreement with the negotiated contract prices for purchases they made before invoices were paid. In addition, CJS did not have copies of the contracts for all of the vendors for which they did business.

Recommendation – CJS should coordinate with Purchasing to obtain access to any City contracts used, other approved entity’s contract, or cooperative agreement. Additionally, CJS should ensure pricing schedules are detailed in requisitions.

Response - Discussed with Purchasing and beginning in FY 2019-20 all contracts/POs will be provided for administration. This will allow the department to verify invoice amounts are correct based on the negotiated contract prices before payments are made. Currently all vendor payments are made through the PeopleSoft Financial payment system (PO payments & non-PO payments). All one-time payments (those that are not a monthly repetitive expense) will continue to be paid as non-PO vouchers.

E. Access Control Issues

The ability to activate, deactivate, or delete an employee’s physical accesses was a manual, three-tiered process involving individual departments, Human Resources, and Information Technology. Any breakdown in communication or follow-through in that process could result in a separated employee’s ability to maintain access to City facilities.

Through no fault of Human Services, our audit found that the three-tiered process did not provide Human Services as well as other departments with routine feedback and a system of proper checks and balances that would allow departments the ability to monitor and confirm the deactivation of physical building accesses for separated employees. This situation left the City exposed to security breaches.

1. Access Controls

Finding – City processes did not always deactivate physical accesses of Human Services employees who had separated from the City. Failure to terminate separating employees’ accesses to City facilities and computer systems puts the City and employees at risk.

Recommendation – The City should consider revisiting the appropriate policies with Human Resources, Information Technology, and all City departments to address this situation. The City should consider revising the three-tiered process to provide Human Services as well as other departments with routine feedback through a system designed with proper checks and balances that would allow departments the ability to monitor and confirm the *timely deactivation* of physical building accesses for separated employees.

Response – (Note: Human Services concurs with the recommendation.)