



**HUMAN SERVICES
DEPARTMENT**

PERFORMANCE AUDIT

APRIL 1, 2012 THROUGH FEBRUARY 28, 2013

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

June 28, 2013

The Honorable Alan P. Krasnoff and
Members of the City Council
City of Chesapeake
City Hall – 6th Floor
Chesapeake, Virginia 23328

Dear Mayor Krasnoff and Members of the City Council:

We have completed our review of the City of Chesapeake's Human Services Department for the period April 1, 2012 to February 28, 2013. Our review was conducted for the purpose of determining 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 and Department procedures in areas of Title IV-E processes, contract administration, procurement practices, and other areas. All divisions of Human Services, including Social Services, the Chesapeake Juvenile Service and Chesapeake Interagency Consortium were subject to evaluation. We 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.

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 conclusions 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.

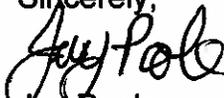
Human Services employs a work force of approximately 297 full-time and part-time employees. Their budget for fiscal 2012 exceeds \$30 million dollars, and accounted for 3.35% of the City's FY2013 budget. Areas of operational responsibility include (Joint Staff Operations, Service Staff Operations, Eligibility Staff Operations, Bureau of Public Assistance, Human Services-Other, Welfare to Work, and the Fatherhood Program, Juvenile Services, and the Chesapeake Interagency Consortium.

To conduct this audit, we reviewed and evaluated City and Department policies, procedures, operations documents, and reports, both internal and external. We conducted extensive site visits to obtain a general understanding of various departmental operations and processes. We discussed these audit areas and conducted interviews with departmental management and various other personnel.

Based on our review, we determined the Human Services Department had accomplished its overall mission of administering the VDSS Social Services programs through the Division of Social Services (DSS), providing juvenile service for delinquent minors, and providing necessary resources to families through the CIC. Most of the divisions of Social Services had met performance measurements of the Virginia Department of Social Services (VDSS) and in some cases exceeding their performance goals. However, we did identify concerns related to communications within Human Services' Title IV-E Eligibility processes, Juvenile Services contracts administration, and internal controls of CIC financial processes that needed to be addressed.

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.

Sincerely,



Jay Poole

City Auditor

City of Chesapeake, Virginia

C: James E. Baker, City Manager
Dr. Wanda Barnard-Bailey, Deputy City Manager
S. Michelle Cowling, Director of Human Services

Managerial Summary

A. Objectives, Scope, and Methodology

We have completed our review of the City of Chesapeake's (City's) Human Services Department (Human Services) for the period April 1, 2012 to February 28, 2013. 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, procurement practices, and other areas. All divisions of Human Services, including Social Services, the Chesapeake Juvenile Service, and Chesapeake 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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Human Services employs a work force of approximately 297 full-time and part-time employees. Their budget for fiscal 2012 exceeds \$30 million dollars, and accounted for 3.35% of the City's FY2013 budget. Areas of operational responsibility include (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 Chesapeake Interagency Consortium. On October 9, 2012, the Interim City Manager appointed a new Director for Human Services effective November 5, 2012. Her appointment followed the retirement of the previous Director.

Human Services Administration directed the activities of the Division of Social Services (DSS), which administered public assistance programs according to federal and state requirements as well as local policies and procedures. This division 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 child-centered, family-focused, and community based collaborative system of services and funding that 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.

Juvenile Services, a division formerly known as the Tidewater Detention Home, 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 juveniles assigned by the courts (residents) from the cities of Chesapeake, Portsmouth, Suffolk, and Franklin and the Counties of Isle of Wright and Southampton.

Major Observations and Conclusions

Based on our review, we determined the Department had accomplished its overall mission of administering the VDSS Social Services programs through the Division of Social Services (DSS), providing juvenile service for delinquent minors, and providing necessary resources to families through the CIC. Most of the divisions of Social Services had met performance measurements of the Virginia Department of Social Services (VDSS) and in some cases exceeding their performance goals. However, we did identify concerns related to communications within Human Services' Title IV-E Eligibility processes, Juvenile Services contracts administration, and internal controls over CIC financial processes.

This report, in draft, was provided to the Department officials for review and response. 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. The Human Services Department, DSS, Juvenile Services, and Interagency Consortium 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 we were not able to analyze all Human Services operations and practices in detail, we noted that Human Services had accomplished its overall mission to administer the VDSS Social Services programs. Some of the most significant operations included: Human Services Performance Benchmarks, Benefits Programs, Other Social Services Programs, Juvenile Services, and the Chesapeake Interagency Consortium.

1. Human Services Performance Benchmark

The City's DSS was among the top 5 performing agencies for the second year in a row. Chesapeake placed first as the Top Performing Agency in Financial Benefit Programs and the Virginia Initiative for Employment not Welfare (VIEW) Program. Chesapeake was also in the top five for Child Welfare Services.

2. Summary of Benefit Programs and Relative Performance Indicators

Human Services was responsible for administering several programs funded by a blend of federal and state funds. These major programs included the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and Virginia Initiative for Employment not Welfare (VIEW), and Medicaid. Exhibit F below illustrates the trends in public assistance clients served by Social Services from 2009 to 2012. Additionally, Exhibit G shows the demographic breakdown of clients served in FY2012.

3. Summary of Other Social Services Programs

Human Services was also responsible for administering several other programs funded by a blend of federal and state funds. These major programs included Title IV-E, Foster Care, Child Protective Services (CPS) Program, and Adoption, Transitional Child Care Services, Energy Assistance Program, General Relief Burial Services, Adult Protective Services, Auxiliary Grants, Commonhelp, and the Fathers in New Directions (FIND) program.

4. Juvenile Services

Juveniles Services constantly monitored residents and staff using a centralized security control system that consisted of over 80 cameras throughout the facility. Staff and residents were trained in casualty and evacuation response. Exhibit R below highlighted Juvenile Services population statistics.

5. Chesapeake Interagency Consortium

In 1992, the Comprehensive Services Act for At-Risk Youth and Families (CSA) was passed by the Virginia General Assembly. CSA helped families with children who have serious emotional or behavior problems. In Chesapeake the CSA was managed by the Chesapeake Interagency Consortium (Consortium). The Consortium was part of the Department of Human Services. The Consortium's goal was to help families stay together, keep children safe and in their community.

C. Operational Issues -- Human Services-DSS

There were two major issues that surfaced that impacted the efficiency and effectiveness of Human Service-DSS processes. The first was the need for more

compliance and Information Technology infrastructure 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 automated processes in place to effectively and efficiently ensure compliance with Federal Title IV-E eligibility requirements for Foster Care and the Adoption Assistance programs, and did not have adequate controls in place to prevent or detect Title IV-E payment errors.

Recommendation - Human Services should continue to enhance its Title IVE compliance and control and develop procedures to help ensure this compliance.

Response – Social Services under the Department of Human Services developed the Chesapeake DHS/DSS Title IV-E User’s Guide, an in-house manual, which provides each division’s role from processing IV-E paperwork through payment processing; Standard Operating Procedures for court ordered reviews was developed between the Agency and City Attorney’s Office (Attachment A).

The agency obtained City approval to acquire Harmony, an automated payment system; City DIT and Purchasing are negotiating the maintenance agreement before commencing the project. In an effort to ensure compliance, a temporary Benefit Program Worker II is reviewing the IV-E cases and recommending changes prior to the federal audit scheduled in August 2013.

2. Fraud Program

Finding - Human Services had 135 overdue Fraud investigations as of October 23, 2012.

Recommendation - Efforts should be made to reduce the investigation backlog.

Response – In an effort to reduce the backlog, Social Services transferred management of the Fraud Unit to the agency Fiscal Administrator effective February 2013. A Memorandum of Understanding was developed and signed by the Commonwealth’s Attorney and Director of Human Services to establish guidelines to ensure cases are appropriately referred for prosecution and acted upon (Attachment B).

The agency Fiscal Administrator and Fraud Unit staff provide monthly updates and status reports to the Human Services Director and Assistant Director.

The Fraud Unit will continue to be closely monitored by Human Services management.

D. Chesapeake Juvenile Services

During the audit, we noted that Juvenile Services complied with its mission of providing a clean, safe, and protected environment for juveniles placed at Juvenile Services by the courts. However, the procurement processes used by Juvenile Services for expenses were not always consistent with City policies and procedures used to properly control and monitor expenses and obligations.

1. Competitive Bidding

Finding - Juvenile Services did not consistently use the City's competitive bidding processes as required.

Recommendation - Juvenile Services should consistently utilize the competitive bidding process as required.

Response – We concur with the recommendation and Juvenile Services will obtain competitive bids or quotes for items between \$1,000 and \$4,999 and obtain City contracts for items of \$5,000 and above. Juvenile Services and Purchasing will work together to resolve each individual procurement request.

2. Contract Process

Finding – Juvenile Services did not consistently use the City's contracting process as required.

Recommendation – Juvenile Services should ensure that it complies with City requirement for contract use.

Response – We concur with the recommendation and agree to comply with the City requirement for contract use set forth in the Purchasing guidelines.

3. Expense controls

Finding – Juvenile Services did not verify that prices on received invoices agreed with negotiated contract prices.

Recommendation – Juvenile Services should take steps to ensure that invoice prices agree with negotiated contract prices so that it can verify the accuracy of prices paid.

Response – We concur with the recommendation. Juvenile Services will establish and adhere to procedures to ensure that invoice prices agree with negotiated contract prices in order to verify the accuracy of prices paid.

4. Non-Purchase Order Vouchers

Finding – Juvenile Services incorrectly used non-PO vouchers almost exclusively for payment. This practice often bypassed City procurement requirements.

Recommendation – Juvenile Services should coordinate with Purchasing to generate requisitions and purchase orders for contractual purchases to ensure compliance with City Code.

Response – We concur with the recommendation and Juvenile Services will coordinate with Purchasing to generate requisitions and purchase orders for contractual purchases in compliance with City Code. We agree training is necessary and should be provided.

5. Juvenile Services Resident Information Security

Finding – Juvenile Services did not ensure that access of juvenile residents' individually identifiable medical treatment information was not sufficiently protected.

Recommendation – Juvenile Services should retain original existing documentation that contains individually identifiable health information and provide approved redacted copies to Finance.

Response – Staff will redact all identifying information concerning the resident to adhere to HIPPA. The copy maintained in case file will contain original client information.

6. Juvenile Services Physical Security

Finding – Juvenile Services exterior areas needed enhanced landscaping.

Recommendation – Juvenile Services should work with Parks & Recreation to ensure that the grass mowing frequency of the outside exercise yard keeps the grass maintained at a low enough height to facilitate security.

Response – Juvenile Services will coordinate with Parks & Recreation department to ensure frequency of yard maintenance

E. Chesapeake Interagency Consortium

Although the Consortium implemented the CIC program effectively to assist at-risk youths and families and had internal control and risk management practices in place, documentation illustrating how the internal controls worked was lacking. Additionally, the Consortium did not document verification that services were rendered on all invoices prior to payment.

1. Risk Management and Internal Control Policies and Procedures

Finding - The Consortium had not fully documented its risk management and internal control policies and procedures. The Consortium did not have procedures for identifying and assessing control deficiencies or an internal control monitoring program in place. Also, there was no ongoing training of employees, providers, or other agency personnel on applicable policies and procedures.

Recommendation - The Consortium should ensure that all internal control and risk management policies and procedures are reviewed and fully documented. It should also ensure that ongoing training is provided.

Response – The Interagency Consortium completed a Self-Assessment Audit, which included an internal control assessment tool provided by the Commonwealth of Virginia - Office of Comprehensive Services; which will serve as the current documented internal control process. Corrective Action Plans were developed to address deficiencies in the areas of internal controls and risk management. The Fiscal Administrator reviews vouchers on a monthly basis to ensure the separation of duties remain intact and in compliance. Division of Social Services staff provides coverage when Consortium staff vacancies arise to ensure controls remain in place. The Program Coordinator attends quarterly regional meetings to obtain information about current policies and upcoming legislative issues. Out of area training is available and staff makes every effort to attend necessary training. All positions are currently filled which will allow for more consistent attendance to mandatory and optional trainings.

2. Verification of Services

Finding - The Consortium did not document verification that services were rendered on all invoices prior to payment. Payments for Foster Care related-services were made by Human Services from the Consortium budget without ensuring that the children were still in care.

Recommendation - The Consortium should document verification that services were rendered on all invoices prior to payment. Payments for Foster Care-related services should be made only after ensuring that the children were still in care.

Response – In May 2013, program staff met to discuss resolution and agreed to pilot the processing of monthly maintenance payments to foster parents in July 2013. The payments are made the following month for services provided by foster parents. A monthly Memorandum will be prepared to ensure payments are processed timely using the city processing system. Previously, the Virginia Uniform Welfare Reporting System (VUWRS), the program payment system utilized by Social Services, processed the maintenance payments as recurring payments. Human Services has recently contracted to purchase the web-based Harmony system which will serve as an upgrade to VUWRS. Consortium staff will provide training to the Chesapeake Community Services Board, Court Services Unit,

Department of Health and Public School workers concerning the requirements to process vendor payments. The workers will review and verify services provided prior to payment of invoices by the Consortium.

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Table of Contents

<u>Contents</u>	<u>Page</u>
A. Objectives, Scope and Methodology	1
B. Departmental Practices, Procedures, and Performance Measurements	5
C. Operational Issues – Human Services - DSS	20
D. Chesapeake Juvenile Services	25
E. Chesapeake Interagency Consortium	34
Appendix A – Response from Human Services Officials	

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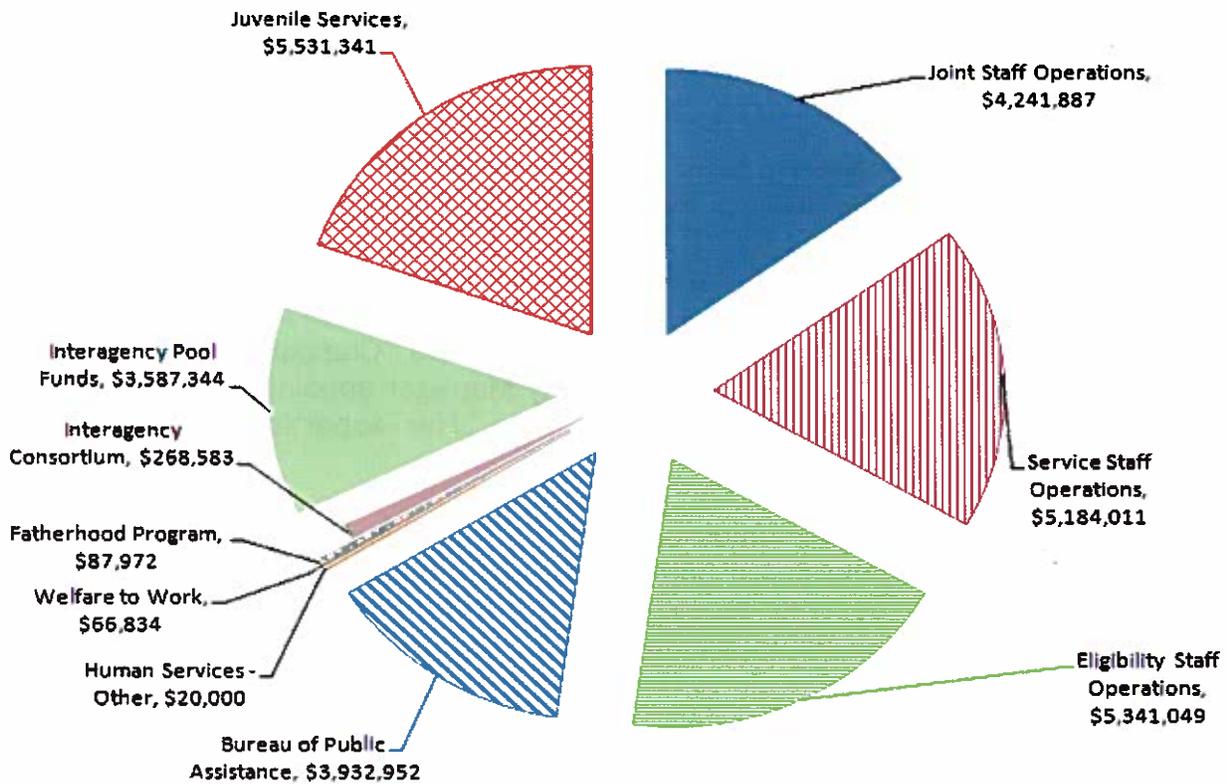
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**Exhibit A
Human Services FY13 Budget**



Total \$28,261,973

The total federal, state, and local contributions spent on Chesapeake's Human Services programs was \$200,822,539 in FY2012. The City of Chesapeake's portion of this expense in FY2012 was \$7,393,472, or 4% of the total contribution.

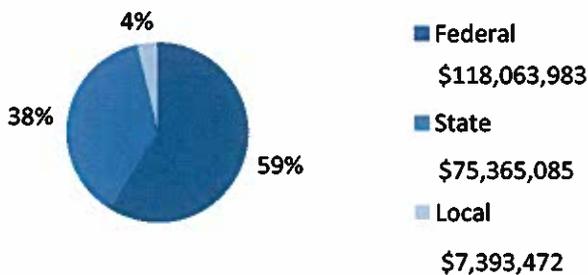
**Exhibit B
Total Social Services in Chesapeake Human Services
FY2012**

	Federal	State	Local	Total
Administrative costs				
Eligibility staff and operations	\$3,336,760	\$1,295,253	\$2,420,011	\$7,052,024
Services staff and operations	\$2,944,170	\$1,099,038	\$2,911,317	\$6,954,524
Other expenses	\$456,688	\$0	\$456,688	\$913,376
Total administrative costs	\$6,737,618	\$2,394,291	\$5,788,016	\$14,919,925
<i>Admin costs as percent of total</i>	<i>6%</i>	<i>3%</i>	<i>78%</i>	<i>7%</i>
Services purchased for clients	\$2,286,043	\$841,959	\$247,386	\$3,375,388
<i>Services as a percent of total</i>	<i>1.9%</i>	<i>1.1%</i>	<i>3.3%</i>	<i>1.7%</i>
Client Benefits Spending				
Medicaid & FAMIS	\$67,614,114	\$66,271,503	\$0	\$133,885,617
SNAP	\$37,281,390	\$0	\$0	\$37,281,390
Energy Assistance	\$1,307,061	\$0	\$0	\$1,307,061
Foster care and adoption	\$973,165	\$3,626,401	\$1,209,724	\$5,809,290
TANF	\$1,864,072	\$1,666,587	-\$2,104	\$3,528,555
Other Benefits	\$519	\$564,344	\$150,449	\$715,312
Total client benefits spending	\$109,040,322	\$72,128,835	\$1,358,070	\$182,527,226
<i>Benefits as a percent of total</i>	<i>92%</i>	<i>96%</i>	<i>18%</i>	<i>91%</i>
Total Social Services Spending	\$118,063,983	\$75,365,085	\$7,393,472	\$200,822,539
Percent by funding source	59%	38%	4%	100%

Source: VDSS, LASER, annual financial statements.

**Exhibit C
Social Services Expenditure Charts**

Social Services Spending in Chesapeake by Funding Source, FY 2012



Administrative Costs as a Percent of Total Spending in Chesapeake, FY 2012



Source: LASER, annual financial reports.
* Includes services purchased for clients.

Major Observations and Conclusions

Based on our review, we determined the Department had accomplished its overall mission of administering the VDSS Social Services programs through the Division of Social Services (DSS), providing juvenile service for delinquent minors, and providing necessary resources to families through the CIC. Most of the divisions of Social Services had met performance measurements of the Virginia Department of Social Services (VDSS) and in some cases exceeding their performance goals. However, we did identify concerns related to communications within Human Services' Title IV-E Eligibility processes, Juvenile Services contracts administration, and internal controls over CIC financial processes.

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Scope and Methodology

We gathered information on several functions within Human Services related to performance indicators such as guidelines and procedures; performance goals; performance measurements; internal controls to monitor the status of program goals; records maintained; and any other areas of concern. We also reviewed in more depth the Title IV-E program, Juvenile Services procurement practices, and the Self-Assessment of the CIC.

We interviewed Social Services, CIC, and Juvenile Services management, administrative, and field staff to obtain an understanding of overall operations. We also worked with the VDSS to gather performance information regarding the various Chesapeake social services programs. We also met with teams of Social Services personnel to obtain an understanding of the Title IV-E program. Juvenile Service's procurement and financial data were also reviewed to determine compliance with the City's purchasing policies. Finally, we reviewed the CIC's Self-Assessment to determine the areas of financial risk and to make recommendations to improve internal controls.

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 Human Services had accomplished its overall mission to administer the VDSS Social Services programs. Some of the most significant operations included: Human Services Performance Benchmarks, Benefits Programs, Other Social Services Programs, Juvenile Services, and the Chesapeake Interagency Consortium.

1. Human Services Performance Benchmark

On April 4, 2012, the Virginia Department of Social Services (VDSS) released its "Sweet 15" list to recognize local agencies for their consistent demonstration of excellence. Martin Brown, Commissioner of the VDSS, described the program as follows:

"Last year our own version of bracketology was established with the VDSS Sweet 15. The VDSS Sweet 15 are the cream of the crop. They are the best at what they do and we recognize them for their consistent demonstration of excellence. Like the fine university basketball teams, these local agencies have proven that they are the best at what they do. They drive performance outcomes through hard work and perseverance, overcoming obstacles and taking advantage of change, rather than feeling victimized by it. These teams are led by excellent leaders. The managers, supervisors and local directors of these localities were able to assemble excellent team members and coach great team work, inspiring dedication and sacrifice for the success of the team vs. the success of the individual. They are the best because of their daily commitment to excellence, and most importantly their commitment to the first winner in this effort - our client."

According to the previous Director of Human Services, there were 120 local agencies across the state that competed for the top 5 spots by category. The local agencies were placed in categories according to their size and their number of full-time employees. Chesapeake was placed in Level III, the category for the largest agencies.

The City's DSS was among the top 5 performing agencies for the second year in a row. Chesapeake placed first as the Top Performing Agency in Financial Benefit Programs and the Virginia Initiative for Employment not Welfare (VIEW) Program. Chesapeake was also in the top five for Child Welfare Services.

**Exhibit D
Top Five Performing Level III Agencies in Benefit Programs for 2012:**

Rank	Level III
1	Chesapeake
2	Shenandoah Valley
3	Roanoke County
4	Suffolk
5	Albemarle

**Exhibit E
Top Five Performing Level III Child Welfare Agencies for 2012:**

Rank	Level III
1	Hampton
2	Shenandoah Valley
3	Roanoke County/Salem
4	Lynchburg
5	Chesapeake

2. Summary of Benefit Programs and Relative Performance Indicators

Human Services was responsible for administering several programs funded by a blend of federal and state funds. These major programs included the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF) and Virginia Initiative for Employment not Welfare (VIEW), and Medicaid. Exhibit F below illustrates the trends in public assistance clients served by Social Services from 2009 to 2012. Additionally, Exhibit G shows the demographic breakdown of clients served in FY2012.

**Exhibit F
Trends in Chesapeake Public Assistance Caseload for SNAP and TANF Programs
2005 through 2012**

Trends in Public Assistance Caseloads by State FY	Number of Clients	
	SNAP	TANF
2005	18,719	5,474
2006	19,669	5,520
2007	19,177	4,950
2008	20,156	5,052
2009	23,807	5,636
2010	28,721	6,110
2011	31,946	6,029
2012	34,473	5,485

Source: VDSS, Data Warehouse, ADAPT System Reporting, SFY Locality Program Analysis.

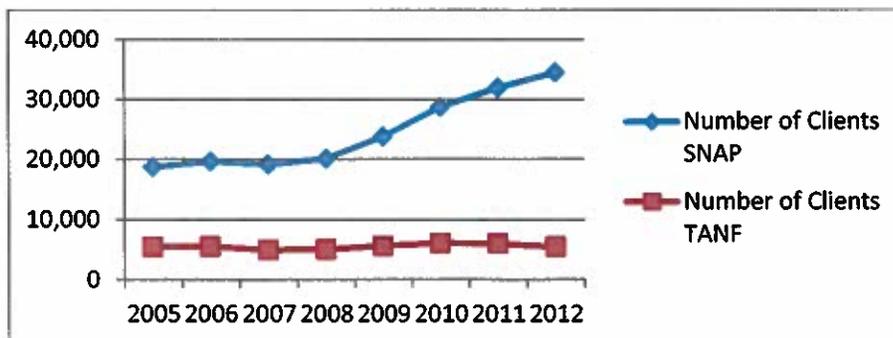


Exhibit G
Chesapeake Recipients of Public Assistance
VDSS SFY2012 Statistics

Public Assistance Recipients, SFY 2012	Total Recipients	Children 0-17 years			Adults 18-64 years			Adults 65 years & older		
		White	Black	Other	White	Black	Other	White	Black	Other
Number of Participants										
SNAP	34,473	4,118	9,428	1,827	6,053	10,312	1,569	372	575	218
Medicaid ¹	29,250	5,576	10,916	1,867	3,333	5,167	332	907	955	197
TANF	5,485	646	2,526	362	465	1,387	98	0	0	0
Percent of Subpopulation²										
SNAP	15%	12%	49%	72%	6%	23%	26%	2%	9%	32%
Medicaid	13%	16%	57%	74%	4%	12%	6%	5%	14%	29%
TANF	2%	2%	13%	14%	0%	3%	2%	0%	0%	0%

Sources: VDSS, Data Warehouse, SFY ADAPT Client Analysis (SNAP, TANF); SFY MMIS Client Enrollee Analysis (Medicaid). "Other/multiracial" includes clients with invalid or missing race information. ¹ Excludes clients enrolled in state mental health facilities. ² "Percent of subpopulation", which are based on population estimates, are sometimes > 100%. Percentages are capped at 100%.

² Race was imputed for enrollees who indicated being "Spanish-American" and added to the race subtotal. Subtotals may not add up to the total number of Medicaid enrollees due to rounding error.

a. Supplemental Nutrition Assistance Program (SNAP)

SNAP was designed to alleviate hunger and malnutrition by increasing the purchasing power of low-income households. SNAP was one of the largest programs in Human Services. The Chesapeake SNAP program received the Bronze SNAP Hunger Champions award for its outreach efforts for SNAP clients in FY2012.

Based upon data provided by the state for 2012, Chesapeake exceeded the state processing target rate of 97%. According to the Chief of Benefits, the total case load for November was 11,483. As of January 2013, Chesapeake's processing rate for Expedited SNAP Applications was 99.6%, the processing rate for Regular SNAP Applications was 98.8%, and the combined processing rate for both types was 99.1%. Exhibit H shows Chesapeake's processing rates along with Albemarle, Roanoke County, Shenandoah, and Suffolk, Level III agencies similar in size to Chesapeake. Total SNAP statewide benefit payments for Chesapeake was \$37,281,390 in FY2012.

Exhibit H
Timeliness of SNAP Application Processing as of December 2012

Report Period Begin Date:		January-2013		
Report Period End Date:		January-2013		
Performance Target Goal:		97.0%	97.0%	97.0%
Statewide Data:		98.6%	98.7%	98.7%
Local Department		Timeliness of Application Processing-Expedited SNAP Applications	Timeliness of Application Processing-Regular SNAP Applications	Timeliness of Application Processing-Combined Expedited and Regular Applications
003	Albemarle	100.0%	97.9%	98.6%
550	Chesapeake	99.6%	98.8%	99.1%
161	Roanoke Co./ Salem	97.1%	98.2%	97.9%
171	Shenandoah	100.0%	100.0%	100.0%
800	Suffolk	97.1%	100.0%	98.90%

Source: VDSS Monthly Performance Indicators

The U.S. Department of Agriculture required states to measure their SNAP participation rates such as the accuracy of SNAP eligibility and benefit determinations. The SNAP participation rate was the number of SNAP participants during a month divided by the number potentially eligible, which was the number of people with household income below 130% of the Federal poverty threshold.¹ According to data provided by the VDSS, Chesapeake continued to exceed the required SNAP participation rate as shown in Exhibit I as of January 2013 and October 2012. Also, payment error rates were within the performance target as they had been in prior years for the period ending October 2012.

The VDSS quality assurance rate was the dollar amount of SNAP benefits issued in error divided by the total amount of SNAP benefits issued in completed reviewed cases.² Errors included overpayments, underpayments, or ineligible payments. The VDSS quality assurance negative action error rate was defined as the number of cases denied or terminated incorrectly, divided by the total number of cases reviewed. Each month's rate was cumulative beginning with the start of the federal fiscal year on October. Chesapeake maintained 0% error rate for quality assurance payments as well as 0% for the quality assurance negative actions error rate, even though the total number of SNAP clients had increased from 18,719 FY2005 to 34,473 in FY2012. The Chief of Benefits planned to clarify state policy with his staff to help retain the 0% error rates. Exhibit J shows the increased trend in Public Assistance Caseloads for Human Services SNAP clients from FY2005 through FY2012.

¹ Beginning in February 2006, the denominator is estimated using two Census data sources: Small Area Income and Poverty Estimates and the Current Population Survey. Data limitations require the estimate to be based on 125% of the poverty threshold, rather than 130%.

² Each month's quality assurance rate is cumulative beginning with the start of the federal fiscal year on October 1. While the payment error rate for each local agency is shown for information, due to small sample sizes, the reported percent is not a statistically significant measure of the payment error rate for a local agency. Small samples mean that the goal of 3% or less is particularly difficult to meet for a small local department that has even one reported error case.

**Exhibit I
SNAP Performance Indicators**

Report Period Begin Date:	Oct-12	Oct-12	Oct-12
Report Period End Date:	JAN-2013	Oct-12	Oct-12
Performance Target:	80.0%	3.0%	2.0%
Statewide Data:	84.2%	1.4%	11.8%
Local Department	SNAP Participation Rate	Quality Assurance Payment Error Rate	Quality Assurance Negative Action Error Rate
003 Albemarle	63.0%	0.0%	0.0%
550 Chesapeake	109.7%	0.0%	0.0%
161 Roanoke Co./ Salem	100.3%	0.0%	N/A
171 Shenandoah	91.1%	37.2%	N/A
800 Suffolk	102.1%	0.0%	0.0%

Source: VDSS Monthly Performance Indicators

b. Temporary Assistance for Needy Families (TANF) and the Virginia Initiative for Employment not Welfare (VIEW)

TANF provided temporary cash assistance and employment-related services to enable families with children to become self-supporting. TANF was also funded primarily through a federal block grant with additional state support. The total statewide TANF benefit payment for Chesapeake was \$3,528,555 in FY2012.

VDSS set the eligibility criteria for TANF benefits and services and promoted economic independence through participation in the VIEW. VIEW offered employment-related activities, education, training, and needed support services for individuals who were subject to the TANF work requirements. Exhibit J below shows the Chesapeake TANF Cases as of 6/30/2012 and Work activity as of 6/29/2012

Exhibit J - TANF Data as of June 2012

Chesapeake Data	
TANF Cases End of Month	978
Total Enrolled in VIEW	409
Participants in a Work Activity	
% Enrolled	333
Participants Assigned to Inactive	0
Participants Employed	242
% Enrolled	59%
Full time	211
Part time	31
Average Wage	\$8.08
Average Monthly Earnings	\$1,125

VIEW services included job readiness classes, job search assistance, education, training, community work experience placements (internships), and subsidized employment. VIEW also offered support services such as child care, transportation and purchases of work-related items like uniforms. The goal of VIEW was to help current and former TANF recipients prepare for success and advance in the workplace. The total statewide benefit payment for the Chesapeake VIEW program was \$625,940 in FY2012.

**Exhibit K
Status of Chesapeake VIEW Work Activity**

Chesapeake: Cumulative VIEW Work Activity	FY July 1, 2011 through June 30, 2012	Work Activity of all enrolled in VIEW since implementation 10/1/1997
Individuals Referred	866	8,305
Total Enrolled in VIEW	1091	6,101
Participants in a Work Activity	1016	5820
% of Total Enrolled	93%	95%
Participants Employed	635	4,428
% of Total Enrolled	58%	73%
Average Wages	\$8.19	\$7.05
Average Monthly Earnings	\$1,074	\$929
Three Months Employment	76%	65%

Source: VDSS Virginia Independence Program June 2012 Monthly Report

Chesapeake's job retention rate of 76.4% for the period ending January 2013 was still on target and exceeded the state's goal of 75% and the actual statewide rate of 72.5%. Additionally, the hourly wage rate of Chesapeake VIEW Clients did not change from June of 2012 to November 2012. The hourly wage rate at that time was \$8.19, higher than the state's target goal of \$7.25. Retention rates are shown in Exhibit L below.

**Exhibit L
Comparative Job Retention Rates and Average Hourly Wages**

Report Period Begin Date:	Feb 2012				
Report Period End Date:	Jan 2013	JAN-2013			JAN-2013
Target Wage:	75.0%	\$7.25			50.0%
Statewide Data:	72.5%	\$8.37	\$9.45	88.6%	48.9%
Local Department	Job Retention	Average Hourly Wage of VIEW Clients	Occupational Employment Statistics (OES) Average Hourly Wage	Percent of VIEW Hourly Wage to OES Hourly Wage	VIEW - Percent Employed
Albemarle	81.8%	\$8.77	\$9.69	90.5%	63.8%
Chesapeake	76.4%	\$8.19	\$9.18	89.2%	52.6%
Roanoke Co./ Salem	61.9%	\$8.41	\$9.09	92.7%	52.0%
Shenandoah	80.0%	\$8.37	\$8.67	96.5%	57.0%
Suffolk	76.1%	\$8.07	\$8.55	94.3%	59.5%

Source: VDSS Monthly Performance Indicators

c. Medicaid

Medicaid was the nation's low-income public health insurance program and received joint federal and state financing. Medicaid financed health and long-term care services for children and adults in low-income working families as well as for the elderly and disabled. Individuals had to meet eligibility criteria to qualify and be either U.S. citizens or have five years of legal residency.

There were two broad categories of Medicaid eligibility: Mandatory and Optional populations. Mandatory populations included elderly poor receiving Supplemental Security Income (SSI) and certain services (e.g., hospital care). Participating states could also receive federal matching funds for the costs of covering other Optional populations (e.g., elderly poor not eligible for SSI) and services (E.g., prescription drugs). The total statewide benefit paid toward Medicaid was \$129,410,244 in FY2012.

Human Services was responsible for the screening and timely processing of Medicaid applications filed within the locality. According the Chief of Benefits, 12,699 Medicaid applications had been reviewed as of November 2012 fiscal year with only 87 applications overdue for review. The processing timeliness rate reported by the VDSS was 92% and the timeliness of review rate was 99.4% as of January 2013. The reason for the processing time delays for Medicaid also appeared to be attributable to the rapid increase in the number of Medicaid client base due to the recession. The chart below shows the timeliness rate for Medicaid application processing and reviews.

**Exhibit M
Medicaid Performance Indicators**

Report Period End Date:	JAN-2013	
Performance Target:	97.0%	97.0%
Statewide Data:	91.4%	96.1%
Local Department	Timeliness of Medicaid Application Processing	Medicaid Timeliness of Reviews
Albemarle	94.8%	95.3%
Chesapeake	92.2%	99.4%
Roanoke City	98.5%	100.0%
Shenandoah	97.9%	98.2%
Suffolk	97.3%	99.7%

3. Summary of Other Social Services Programs

Human Services was also responsible for administering several other programs funded by a blend of federal and state funds. These major programs included Title IV-E, Foster Care, Child Protective Services (CPS) Program, and Adoption, Transitional Child Care Services, Energy Assistance Program, General Relief Burial Services, Adult

Protective Services, Auxiliary Grants, Commonhelp, and the Fathers in New Directions (FIND) program.

a. Title IV-E Program

The Title IV-E program provided federal funds to reimburse the state for allowable costs (maintenance assistance and administrative activities) for children who were under state jurisdiction, and who had been placed in foster care and adoption assistance under a court order or voluntary placement agreement. VDSS's program objective was to reach a "zero defect" payment goal because of the recent discovery of an unacceptable number of eligibility and payment errors identified during a nationwide Federal Title IV-E review in 2010 and subsequent State-level reviews of local Title IV-E records across the country. According to a VDSS policy effective October 2012, any eligibility errors discovered in audits conducted by the federal or state government would result in corrective action and repayment by the localities for any eligibility payments made in error. The total federal and state expenditure for Chesapeake Title IV-E Foster Care and Adoption Assistance subsidies from FY2010 through FY2012 were \$2,038,042 and \$2,767,499, respectfully.

**Exhibit N
Chesapeake Foster Care and Adoption Title IV-E Spending**

SFY	Title IV-E Foster Care Payments					Title IV-E Adoption Payments					
	Federal	ARRA	State	Local	Total IV-E Foster Care Payments	Federal	ARRA	State	Local	NR	Total IV-E Adoption Payments
2012	\$468,463	\$0	\$468,463	\$0	\$936,926	\$485,598	\$0	\$485,598	\$0	\$0	\$971,196
2011	\$ 326,139	\$ 26,656	\$ 299,483	\$ -	\$ 652,278	\$ 473,246	\$ 40,194	\$ 433,052	\$ -	\$ (0)	\$ 946,493
2010	\$253,462	\$31,429	\$222,032	\$0	\$506,923	\$474,168	\$58,331	\$415,837	\$0	\$3,456	\$951,792
	\$1,048,064	\$58,086	\$989,978	\$0	\$2,096,128	\$1,433,012	\$98,525	\$1,334,487	\$0	\$3,456	\$2,869,480

Source: VDSS LASER database

As of November 13, 2012, Human Services had 45 Title IV-E Cases reported in Adoption and Foster Care Analysis and Reporting System (AFCARS) and 45 Title IV-E cases in OASIS, VDSS's automated child welfare information system used to record Title IV-E for the fiscal year. The total number of children in care was 79 as of the same date.

Human Services was in the process of developing its own Title IV-E User's Guide (Guide) in response to the new VDSS mandate. The Guide was intended to improve its internal communication processes. Human Services also decided to conduct its own review of existing case files for Title IV-E compliance in response to both an upcoming federal audit scheduled for August 2013, and the "zero defect" requirement.

b. Foster Care Program

Human Services worked with families to prevent out-of-home placements, offering services that assisted the families in safely maintaining their children in their own homes, using Federal and State laws. If a family was unable or unwilling to cooperate and provide services for their child, Chesapeake would request that the Juvenile and Domestic Relations Court require that the family participate a minimum of six months to prevent out-of-home placement. Families were also referred to the Chesapeake Interagency Consortium for review by the Family Assessment Planning Teams (FAPT) to identify other community services for which they were eligible. Human Services also identified relatives, family friends, and others who could potentially provide support to the family and child, or provide respite for the family.

Children who met federal Title IV-E eligibility requirements could receive federal maintenance payments to cover costs for food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance with respect to the child, and reasonable travel to (1) the child's home for visitation, and (2) the child's school so the child could remain enrolled at the same school at the time of placement. VDSS costs for non-mandated Title IV-E eligible children were covered under the state and locally-funded portion of the Comprehensive Services Act (CSA), which was used by state and local agencies, parents and private sector providers to plan and deliver services for high risk, troubled youths. The total state and local benefit costs for Chesapeake CSA clients in FY2012 were \$2,168,032 and \$1,209,724, respectively.

c. Child Protective Services (CPS) Program

Child Protective Services was responsible for intervening as necessary to ensure a child's safety and to prevent further harm from abuse or neglect. Protecting the child, validating sexual abuse, and ensuring the safety of other possible victims (such as siblings or friends), were the priority of the CPS social worker. The social worker helped plan and provide services to:

- Enhance each family's ability to provide proper care and nurturance for their children within their own home, community, and culture;
- Prevent separation of the child from the family whenever possible;
- Preserve and rehabilitate the family;
- Provide a stable, permanent alternative placement as quickly as possible for every child who cannot return home;
- Reunify children with families as quickly as possible.

Exhibit P provides data for the CPS program, foster care, and adoption assistance programs.

Exhibit O
Chesapeake Recipients of Social Services
VDSS SFY2012 Statistics

Recipients of Social Services, SFY2012	Total Recipients	Children (0-17 years)			Adults (18 years and older)		
		White	Black	Other race	White	Black	Other race
Child welfare							
Number, SFY2012							
Children in CPS referrals	2,144	1,012	887	165	NA	NA	NA
In foster care	85	40	41	4	NA	NA	NA
Receiving adoption assistance ²	141	42	83	16	NA	NA	NA

Sources: Division of Family Services, VCWOR/OASIS reports. Note: Receiving Adoption Assistance is the number of children who received adoption services as of 11/1/2012.

d. Adoption Services

Adoption Services were also provided within Human Services. These services covered:

- Counseling and services to birth parents who were considering placing their infant/toddler for adoption.
- Placement of children in an approved adoptive home when the parental rights of the parents had been terminated and Human Services had custody of the child.
- Completing adoptive home studies for the court on adoptive parents who may be relatives or non-relatives of a child placed in their home.
- Completing adoptive home studies for the court on stepparent adoptions.
- Completing dual foster/adoptive home studies on parents who desired to become foster parents
- Sharing non-identifying information from adoption records when requested by an adult who was adopted in Chesapeake.
- Searching for the birth family of an adult who was adopted in Chesapeake as a child when such a request is received from the Virginia Department of Social Services.
- Conducting adoptive home studies on parents residing in Chesapeake, Virginia when requested by an agency from another state for a specific child in the custody of a state agency.

e. Transitional Child Care Services

Transitional Child Care Services were available to persons who met the income eligibility guidelines and received a TANF payment within the previous 12 months. The program was a 12-month program and effective the month following TANF closure.

f. Energy Assistance Program

The Energy Assistance Program assisted eligible low income households in offsetting home energy costs. The Energy Assistance Program was comprised of three components: fuel assistance, crisis assistance, and cooling assistance.

**Exhibit P
Energy Assistance - Heating, Crisis and Cooling
Chesapeake (Federal FY2008-2011)**

Fiscal Year	Heating Applications	Crisis Applications	Cooling Applications	Total Applications: 10/10 - 09/11	Monthly Average
2011	2,688	571	2,211	5,470	455.8
2010	2,708	692	2,035	5,435	452.9
2009	2,233	652	1,751	4,636	386.3
2008	1,891	241	1,045	3,177	264.8

Source: VDSS performance database. Note: Applications and processing occur during 10 months of the year. The "Monthly" is based upon the 12-month federal fiscal year.

g. General Relief Burial Services

General Relief Burial Services provided limited financial assistance to help burial costs of a deceased relative. To be eligible, a family had to be financially needy and meet certain requirements. Funds were subject to availability.

h. Adult Protective Services

Adult Protective Services provided a wide variety of services to stop the mistreatment and prevent further mistreatment of adults. Adults 18 years of age or older who were incapacitated, and persons 60 years of age and older qualified for this service. Services included receipt and investigation of reports that an adult was abused, neglected, or exploited, or at risk of abuse, neglect, or exploitation.

i. Auxiliary Grants (AG)

Auxiliary Grants provided an income supplement to recipients of Supplemental Security Income (SSI) and certain other aged, blind or disabled individuals residing in an assisted living licensed facility or in an adult foster care home approved by Human Services.

j. Commonhelp

The VDSS implemented Commonhelp in October 2012. Commonhelp was a web-based system that allowed Virginia citizens 24/7 access to apply for Cash Assistance (TANF), Child Care Services, Energy Assistance (Fuel, Crisis and Cooling), Food Assistance (SNAP), and Medical Assistance electronically. This service was implemented by VDSS to assist applicants in saving time and effort in applying for services, checking their benefits, reporting household changes, or renewing benefits.

k. Fathers in New Directions (FIND) Program

The FIND (Fathers in New Directions) program was established as a local program in 1998 in response to the need for positive male role models in the lives of children to better assure that families were emotionally, physically, and financially healthy. The program had served 125 individuals since the year 2000. The FIND program offered comprehensive service delivery to eligible custodial and non-custodial fathers. The services were customized to the specific needs of the participants in dealing with barriers to employment, including educational needs, need for substance abuse treatment, poor work history, criminal history, and/or transportation problems and advocacy.

The goals and objectives of the FIND program were:

- Create a support group for young fathers
- Promote a positive identity for participants as men and fathers
- Enable young fathers to see the importance of accepting responsibility for their children.
- Increase participants' parenting skills and their ability to become self-sufficient by taking control of their lives.
- Identify problematic areas and devise plans to change outcomes.
- Raise community awareness of the personal and social dynamics of father absence.

The FIND program also assisted fathers in finding employment while attending school. For example, the program helped to mentor one client in finishing his two-year degree at TCC in preparation for the R.N. Nursing program at Norfolk State or Old Dominion University. In another instance, a program participant obtained his medical aid technician certificate while working as a security guard. The table below shows successful performance outcomes of the FIND program from FY2010 through FY2012:

**Exhibit Q
FIND Performance Results**

Performance Measures	FY10		FY11		FY12	
	Goal	Actual	Goal	Actual	Goal	Actual
Projected number of Participants	30	67	30	56	30	52
Tracing Form (Program Participation Progress)	83%	84%	86%	89%	91%	88%
Full Time Employment	83%	84%	86%	89%	91%	88%
Goals and Interest Assessment	83%	84%	86%	89%	91%	88%
Job Retention	83%	84%	86%	89%	91%	88%
Knowledge Assessment	83%	84%	86%	89%	91%	88%
Pre and Post Attitude Assessment	83%	84%	86%	89%	91%	88%
Program Completion	83%	84%	86%	89%	91%	88%

4. Juvenile Services

Juveniles Services constantly monitored residents and staff using a centralized security control system that consisted of over 80 cameras throughout the facility. Staff and residents were trained in casualty and evacuation response. Exhibit R below highlighted Juvenile Services population statistics.

**Exhibit R
FY2012 Juvenile Services Resident Population Statistics**

CITY	Number of Admissions	Average Daily Population*	Total Detention Days	Average Length of Stay**
Chesapeake	295	34.15	12,465	42.25
Portsmouth	152	9.72	3,547	23.34
Suffolk	112	8.40	3,066	27.38
Franklin	6	1.68	614	102.33
Isle of Wight	22	1.26	464	20.91
Southampton	6	0.40	147	24.50
Other	1	0.11	41	41.00
GRAND TOTAL	594	55.73	20,340	34.24

* Average Daily Population computed by dividing total detention days by 365.

** Average Length of Stay computed by dividing total detention days by total admissions.

Juvenile Services residents attended academic classes at the facility. Although Juvenile Services did not issue high school diplomas, graduating seniors would instead receive a diploma through their home school. All courses offered at Juvenile Services were credit-bearing. Upon a resident's release, grades for course work completed were transferred to the student's home school. All Juvenile Services teachers were fully licensed by the Virginia Department of Education. Students enrolled in the post-dispositional program participated in lessons related to career education including information regarding job placement or future educational opportunities. Additionally,

Juvenile Services had a counselor assigned to the post-disposition program who assisted students with job or education opportunities. Juvenile Services was also a General Education Development (GED) test site for those residents who had dropped out of school. During the FY2010 - FY2012 school years, 70 students entered the program and 60 students received their GED.

An outdoor greenhouse was constructed as a motivational program with some juveniles participating in the City's Master Gardner Program and assisting with the annual plant sale. Another motivational program was the use of the facility's Youth Entertainment Studio to encourage directed self-expression through music.

In June 2012, Virginia's Department of Juvenile Justice (DJJ) reviewed Juvenile Services (JS) for compliance with over 300 standards governing secure detention facilities in the Commonwealth of Virginia. On November 14, 2012, the DJJ Board awarded JS with a three-year certification (the longest certification available) based on its 100% compliance with all mandatory standards and 99.4% compliance with the non-mandatory standards. JS management stated that corrective action had already been taken to ensure continued compliance on its next review.

5. Chesapeake Interagency Consortium

In 1992, the Comprehensive Services Act for At-Risk Youth and Families (CSA) was passed by the Virginia General Assembly. CSA helped families with children who have serious emotional or behavior problems. In Chesapeake the CSA was managed by the Chesapeake Interagency Consortium (Consortium). The Consortium was part of the Department of Human Services. The Consortium's goal was to help families stay together, keep children safe and in their community.

The Family Assessment & Planning Team (FAPT) was a group of professionals and parents that worked together to help at risk children. Parents were equal partners in the FAPT process. FAPT's role was to help parents help their children, provide parents the tools they need to better understand their child's needs and manage their behavior. Children must be referred by at least one of the following agencies that help make up the FAPT teams:

- Chesapeake Public Schools
- Chesapeake Community Services Board
- Chesapeake Court Service Unit Board
- Chesapeake Health Department, and
- Chesapeake Social Services (a division within Human Services department).

**Exhibit S
Number of Referrals for FY 2012**

Referring Agency	Number Referred
Chesapeake Public Schools	11
Chesapeake Community Services Board	5
Chesapeake Court Service Unit Board	6
Chesapeake Health Department	0
Chesapeake Social Services	33

Families may be asked to assist with a portion of service costs, but not special education costs written in a child's IEP. Co-pays are based on a sliding scale on family size, income and expenses.

The following clients served included:

- Special education students with a private day treatment program or residential treatment center written on their Individualized Education Program (IEP).
- Special education students at risk of placement in a day treatment program or residential treatment center.
- Children in foster care.
- Children at risk of entering foster care.

**Exhibit T
Services provided to all CSA children for FY 2012**

Needed Service	Number Served
Education related	62
In home services	26
Foster care	180
Outpatient treatment	27
Miscellaneous services	54

In March 2013 the Consortium became a part of DSS, resulting in several changes for the Consortium. As of March, the Consortium will be using the DSS computer support personnel instead of the City's IT. As the upgraded Harmony system is rolled out the Consortium will be treated as part of DSS instead of a separate entity. Effective with the FY2014 budget year, the Consortium will be an official operating part of the DSS with new fund and program codes.

C. Operational Issues -- Human Services-DSS

There were two major issues that surfaced that impacted the efficiency and effectiveness of Human Service-DSS processes. The first was the need for more compliance and Information Technology infrastructure 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 automated processes in place to effectively and efficiently ensure compliance with Federal Title IV-E eligibility requirements for Foster Care and the Adoption Assistance programs, and did not have adequate controls in place to prevent or detect Title IV-E payment errors.

The Virginia Department of Social Services (VDSS) required localities to follow Title IV-E eligibility requirements as provided by Federal Regulations (45 Code of Federal Regulations Parts 1355 and 1356) and State Statutes (Title 63.2 and Title 16.1), as well as requiring the appropriate use of Title IV-E funds for those foster care children who had been found eligible for funding under Title IV-E.

We identified the following deficiencies that impaired compliance and adversely impacted controls over Title IV-E expenditures.

- 1. Compliance and Documentation Errors.** Human Services did not have an integrated system of internal controls to ensure federal compliance and avoid possible payment errors. Compliance and documentation errors included missing court orders, no verification of birth, and incorrect or missing information in OASIS, a state automated child welfare information system used daily by every local social worker in Virginia, and the system used to record Title IV-E. These findings were cited in the both the June 30, 2012 and October 31, 2012 VDSS Title IV-E Case Review Report. Compliance and documentation errors resulted in \$45,394 in eligibility payment errors noted by an October 2012 VDSS review.
- 2. Training.** Although VDSS provided training on the VDSS Title IV-E SPARK program to Human Services employees, Human Services needed to coordinate compliance training with the City's courts, legal counsel, social workers, and benefits workers to ensure proper judicial language on initial court orders, a requirement for Title IV-E eligibility.
- 3. Workflow Management Deficiencies.** Human Services did not build automated workflow management configurations for the Title IV-E program. An automated information management system would have provided workflow and reporting tools for managing client case files, supervisory tasks, auditable event logs and history files needed for efficient workflow among program staff across Human Services.

4. Automated Document Imaging Needs. Human Services also did not have in an automated document imaging system to support the Title IV-E eligibility determination process. An imaging system would have allowed Human Services to retain documents electronically, review them for accuracy, and to attach the scanned documents to case notes within client records for completeness.

This situation occurred because VDSS had not developed an automated rules-driven eligibility determination application process and case management system for Title IV-E cases for use at the local level as planned. An automated rules-driven eligibility determination application for Title IV-E cases would have minimized the risk of errors in eligibility determination processes. Without the system or an available local alternative, Human Services' Title IV-E eligibility and case management program remained a completely manual, paper-based system.

Without an effective case management system that prevents or detects compliance and documentation errors, the likelihood of increased Title IV-E eligibility payment errors that could lead to substantial penalties and loses for the City is increased. Additionally, the efficiency of program operations and compliance is adversely impacted.

Recommendation - Human Services should continue to enhance its Title IV-E compliance and control and develop procedures to help ensure this compliance.

The new Director of Human Services recognized the weaknesses in the communication among the staff and indicated that a new form would be implemented to assist the staff in communications, and indicated that she would require the Social Worker Supervisors to review 100% of the files to ensure compliance with IV-E requirements. Additionally, she had contacted VDSS to request that it forgive the \$45,394 error.

Human Services was in the process of developing its own Title IV-E User's Guide in response to the new VDSS mandate. The Guide was intended to improve its internal communication processes. Human Services also decided to conduct its own review of existing case files for Title IV-E compliance in light of the upcoming Federal Audit scheduled for August 2013, and in response the "zero defect" requirement.

As noted, Human Services has already begun efforts to develop the Chesapeake Title IV-E User's Guide. In addition to the efforts already underway, the department should also consider the following:

1. Include the VDSS's SPARK training materials within its IV-E User's guide along with guidelines and training for the City's courts, legal counsel, social workers, and benefits workers on IV-E compliance. Navigational link to VDSS website for SPARK training should also be documented. Samples of standard forms and documents should also be included as part of the manual for reference purposes. Timelines for

reporting requirements should be developed between Social Workers and the Eligibility staff to ensure timely transfer of documents. Also, periodic reviews of Title IV case files should be established to monitor for any changes that may have been previously missed that would impact the IV-E status of the case(s). These timelines should be communicated through the Chesapeake IV-E User's Guide.

2. Maintain records of personnel who attend training on the new User's Guide, and hold employees accountable for implementation of their roles and responsibilities related to the IV-E program.
3. Evaluate the cost effectiveness of expanding the *Harmony* web-based information management being considered for the Chesapeake Interagency Consortium to all of Human Services programs, including the Title IV-E program. While a partial implementation of the *Harmony* system is being purchased for the CIC, the City should consider a full implementation to take advantage of *Harmony's* comprehensive case management functionality. The City has allocated \$750,000 for Human Services system upgrades. However, Human Services has elected to spend approximately \$276,668 to upgrade CIC's obsolete financial and purchasing *Harmony* system; thus additional funds may be available. Human Services should evaluate the benefits of using document imaging for more effective document sharing among Human Services division.

Response – Social Services under the Department of Human Services developed the Chesapeake DHS/DSS Title IV-E User's Guide, an in-house manual, which provides each division's role from processing IV-E paperwork through payment processing; Standard Operating Procedures for court ordered reviews was developed between the Agency and City Attorney's Office (Attachment A).

The agency obtained City approval to acquire Harmony, an automated payment system; City DIT and Purchasing are negotiating the maintenance agreement before commencing the project. In an effort to ensure compliance, a temporary Benefit Program Worker II is reviewing the IV-E cases and recommending changes prior to the federal audit scheduled in August 2013.

2. Fraud Program

Finding - Human Services had 135 overdue Fraud investigations as of October 23, 2012.

According to the VDSS **Fraud reduction and Elimination Effort Manual (Part II, Appendix1)**, fraud investigators were responsible for investigating allegations of fraud in public assistance programs and for taking appropriate action based on the results of the investigation. Depending on the local agency structure, the fraud investigators were responsible for calculating the amount of any overpayment or over issuance of benefits that may have occurred as a result of the fraud. Ultimately, the fraud investigator oversaw the collections process.

Human Services was responsible for the administration of its own fraud investigations. The program was critical for ensuring program integrity in all Human Services programs. As with all other programs, the VDSS provided technical assistance, fraud investigative training, and policy support to local DSS offices.

The VDSS Fraud Database Tracking System had a target goal for all localities to complete fraud investigations within 90 days from the time they were opened in the system. VDSS tracked the number of investigations opened for 90 days or more by locality across the state. The following table showed a backlog of 135 open investigations overdue in Chesapeake reported by VDSS Fraud Database Tracking System as of October 23, 2012.

**Exhibit U
Overdue Investigations Summary Report
October 23, 2012**

Benefit Type	Number Included in Overdue Investigations*
SNAP	103
Medicaid	50
Other	15
Temporary Assistance	11
Agency Total Overdue Investigations	135

*An investigation may be for more than one Benefit Type. Therefore, the numbers in this column may add up to more than the Total Overdue investigations.

According to the lead investigator, the investigation backlog occurred because Human Services had only two investigators, with a third position vacant. The third position was filled in the 2013 fiscal year. As of October 23, 2012, the investigation staff consisted of one Eligibility Benefits supervisor and three investigative staff members. In addition, the increased Chesapeake client data base had a direct impact in the increased investigative caseload. Finally, since each case was unique, the amount of work involved to investigate the potential for fraud varied case by case.

As a result of this situation, the Fraud Program was not fully functional for more than a year. Consequently the effectiveness of the division was affected to (1) fully investigate fraud cases in a timely manner, (2) to determine overpayment, (3) or determine over issuance of benefits that may have occurred as a result of fraud.

Recommendation - Efforts should be made to reduce the investigation backlog.

As of January 2013, the new Director of Human Services transferred the Fraud Program from the Eligibility to the Fiscal Administration function. Due to the significant learning curve and change in the roles and responsibilities of the Fiscal Administrator, management should closely monitor the fraud program to ensure that the backlog reduction is occurring as anticipated.

Response – In an effort to reduce the backlog, Social Services transferred management of the Fraud Unit to the agency Fiscal Administrator effective February 2013. A Memorandum of Understanding was developed and signed by the Commonwealth’s Attorney and Director of Human Services to establish guidelines to ensure cases are appropriately referred for prosecution and acted upon (Attachment B).

The agency Fiscal Administrator and Fraud Unit staff provide monthly updates and status reports to the Human Services Director and Assistant Director.

The Fraud Unit will continue to be closely monitored by Human Services management.

D. Chesapeake Juvenile Services

During the audit, we noted that Juvenile Services complied with its mission of providing a clean, safe, and protected environment for juveniles placed at Juvenile Services by the courts. However, the procurement processes used by Juvenile Services for expenses were not always consistent with City policies and procedures used to properly control and monitor expenses and obligations.

1. Competitive Bidding

Finding – Juvenile Services did not consistently use the City’s competitive bidding processes as required.

According to Section 54-35 of City Code, “It shall be unlawful for any officer, employee or agent of the city to purchase any supplies, services or equipment or to incur any obligation on the part of the city without first having obtained the approval of the procurement administrator or designee and the head of the department or agency for which the supplies, services or equipment are to be used, except that the city manager may delegate authority for the purchase of supplies, services or equipment totaling \$4,999.99 or less to department directors or agency heads under such terms and conditions as the city manager may deem appropriate. “

We identified a number of concerns with Juvenile Services’ competitive bidding processes.

- One vendor was selected to strip and wax the floors of the Juvenile Services facility and was paid \$10,180 in FY2011 and \$12,255 in FY2012 without competitive bidding.
- A second vendor was selected to provide uniforms and was paid \$6,846 in FY2011 and \$6,450 in FY2012 without competitive bidding.
- Juvenile Services and a third vendor entered into a signed agreement for medical services without Purchasing’s authorization.

This situation occurred because Juvenile Services was not aware of the requirement to get new competitive bids (or quotes for items between \$1,000 and \$5,000) each fiscal year unless a multi-year contract was obtained. Juvenile Services had used the competitive bidding process for each of the first two vendors several years earlier, but had not entered into a multi-year contract with either vendor.

Without required competitive bids, there may be increased risk of complaints from vendors that were not included in public bid requests for similar services. Additionally, bypassing the competitive bidding process increases the risk that the City will not receive the best goods or services for value.

Recommendation – Juvenile Services should consistently utilize the competitive bidding process as required.

Juvenile Services should obtain competitive bids when required for items up to \$4,999 and obtain City contracts for items above that. Juvenile Services and Purchasing should also work together to resolve each individual procurement requests as necessary.

Response – We concur with the recommendation and Juvenile Services will obtain competitive bids or quotes for items between \$1,000 and \$4,999 and obtain City contracts for items of \$5,000 and above. Juvenile Services and Purchasing will work together to resolve each individual procurement request.

2. Contract Process

Finding – Juvenile Services did not consistently use the City’s contracting process as required.

According to Section 54-33(b) of City Code: “The procurement administrator or designee may require from the director of each department, at such times as contracts for supplies and services are to be let, a requisition for the quantity and kind of supplies and services to be paid for from the appropriations of the department. Upon certification that funds are available in the proper appropriations, such supplies and services shall be purchased and shall be paid for from funds in the proper department for that purpose. The procurement administrator or designee shall not purchase any supplies or services for any department unless there is to the credit of such department an available appropriation balance sufficient to pay for such supplies and services. However, this procedure shall not prevent the procurement administrator or designee from purchasing supplies for cash on account of storehouse stock for future use by the various departments under such regulations as the city manager or designee may prescribe.”

Also, Section 54-62(c) states: “Purchases from the state penitentiary or state contracts from the state purchasing department warehouse shall be exempt from the requirements of this chapter for competitive procurement.” However, for these purchases, the Procurement Administrator required departments to submit copies of the state contract or other cooperative agreement used, and assigned them City contract numbers.

We noted that Juvenile Services did not utilize competitive bids, City contracts, or other cooperative agreements for 11 of 19 vendors who received \$5,000 or more in payments in FY 2012 and for whom such agreements were required. Payments to these vendors totaled \$220,510. Similarly, in FY 2011, competitive bids, contracts, and cooperative agreements were not utilized for 10 of 17 vendors where they were required, and vendor payments totaled \$227,680. These instances are illustrated in Exhibit V below.

**Exhibit V
Cumulative Purchases over \$4,999.99**

Vendor	Name	2012	State or City contract #
0000003281	RICHMOND RESTAURANT SERVICE	\$100,910.86	No contract found
0000001942	IVOR N PURCHAS	\$27,040.00	No competitive bid
0000001043	PORTSMOUTH & CHESAPEAKE PAPER	\$20,238.52	No contract found
0000001899	BOB BARKER COMPANY INC	\$15,969.59	E194-1185-VP
0000003283	MARVA MAID DAIRY	\$12,443.42	3807501
0000019176	CHENEQUA AVELINO	\$12,255.00	No competitive bid
0000004896	SOFTTEC INC	\$7,800.00	No contract found
0000003363	DAVID P JACOBSON AND COMPANY INC	\$6,450.00	No competitive bid
0000000539	HOBART CORPORATION	\$6,248.37	No contract found
0000000175	TRAYCO	\$5,874.22	No contract found
0000016268	SYMPHONY DIAGNOSTIC SERVICES NO. 1, INC	\$5,280.00	No contract found
		\$220,509.98	TOTAL
Vendor	Name	2011	State or City contract #
0000003281	RICHMOND RESTAURANT SERVICE	\$105,967.45	No contract found
0000001942	IVOR N PURCHAS	\$26,235.00	No competitive bid
0000001043	PORTSMOUTH & CHESAPEAKE PAPER	\$18,894.82	No contract found
0000001899	BOB BARKER COMPANY INC	\$17,757.73	E194-1185-VP
0000001022	BIRSCH INDUSTRIES INC	\$13,466.80	No contract found
0000001121	VIRGINIA DISTRIBUTION CENTER	\$11,949.17	No contract found
0000019176	CHENEQUA AVELINO	\$10,180.00	No competitive bid
0000003283	MARVA MAID DAIRY	\$10,149.55	3807501
0000003363	DAVID P JACOBSON AND COMPANY INC	\$6,846.25	No competitive bid
0000019846	REINHART FOODSERVICE, LLC	\$6,233.25	No contract found
		\$227,680.02	TOTAL

There were also two instances from FY2011 where Juvenile Services did not submit copies of the state contracts or other cooperative agreements it was utilizing to Purchasing pursuant to Section 54-62(c):

- State contract # E194-1185-VP for institutional clothing.
- State contract # 3807501 for dairy products.

This situation occurred for several reasons. First, Juvenile Services did not obtain copies of contracts prior to making purchases. If Juvenile Services had copies of the contracts or cooperative agreements, they would have been aware of the contractual limits of each vendor. Second, Juvenile Services was not aware of the requirement to obtain requisitions and purchase orders for routine expenses. Third, Juvenile Services erroneously believed that if a vendor had a state ID number, it had a state contract, competitive bidding wasn't necessary. If this situation is not addressed, Juvenile Services will likely continue to violate City procurement requirements.

Recommendation – Juvenile Services should ensure that it complies with City requirement for contract use.

Juvenile Services should consider implementing the following procedures to ensure it complies with City requirements:

- Copies of any contracts or cooperative agreements should be obtained prior to making purchases based on a contract.
- Required requisitions and purchase orders should be obtained as well.
- Attempts to utilize State contracts should be approved by Purchasing as required.

Response – We concur with the recommendation and agree to comply with the City requirement for contract use set forth in the Purchasing guidelines.

3. Expense controls

Finding – Juvenile Services did not verify that prices on received invoices agreed with negotiated contract prices.

Administrative Regulation: General Services Delegation of Procurement Authority Totaling \$4,999.99 or Less Per Transaction (4.12 Section VII paragraph a) states, “Immediately upon delivery of supplies, check the order to ensure that the order is complete and there are no discrepancies.”

Juvenile Services did not verify prices on bill of lading or invoices against contract values when the goods or services were received or processed for payment. This situation occurred for several reasons: Juvenile Services’ staff was not trained on accounts payable review and approval processes. Also, Juvenile Services did not have copies of contracts, and they believed that vendors would send invoices with the agreed price since the vendors had contracts, or other agreements. If this situation continues, there is risk that the City will pay more than the agreed upon price for goods or services.

Recommendation – Juvenile Services should take steps to ensure that invoice prices agree with negotiated contract prices so that it can verify the accuracy of prices paid.

Juvenile Services should coordinate with Purchasing to obtain copies of contracts and cooperative agreements. Juvenile Services should use the copies to verify the invoice prices agree with City contract, other approved entity’s contract, or cooperative agreement when entering invoices to PeopleSoft and when approving entries to PeopleSoft for payment processing.

Response – We concur with the recommendation. Juvenile Services will establish and adhere to procedures to ensure that invoice prices agree with negotiated contract prices in order to verify the accuracy of prices paid.

4. Non-Purchase Order Vouchers

Finding – Juvenile Services incorrectly used non-PO vouchers almost exclusively for payment. This practice often bypassed City procurement requirements.

As previously noted, City code § 54-33(b) required requisitions for contractual purchases. Section 54-35 requires such requisitions for purchases over \$4,999.99.

Juvenile Services had 1,360 total voucher payments in FY2012 for a total of \$865,294. Of this amount \$509,025 were for non-PO vouchers. These non-PO vouchers included payments for what should have been contractual purchase items, such as for annual license fees for case management software that has been in place since at least 2006.

Exhibit W

Non-Purchase Order vouchers with cumulative values greater than \$4,999.99*

Vendor	Name	# of Vouchers payments	total payments ³
0000003281	RICHMOND RESTAURANT SERVICE	83	\$100,910.86
0000006875	ABACUS CORPORATION	77	\$50,292.10
0000003181	TIDEWATER REGIONAL GROUP HOME COMMISSION	9	\$46,545.50
0000002169	SYSCO OF HAMPTON ROADS	30	\$42,876.01
0000001942	IVOR N PURCHAS	24	\$27,040.00
0000008468	US FOODSERVICE	35	\$20,270.83
0000001043	PORTSMOUTH & CHESAPEAKE PAPER	68	\$20,238.52
0000001899	BOB BARKER COMPANY INC	24	\$15,969.59
0000001022	BIRSCH INDUSTRIES INC	30	\$14,709.72
0000003283	MARVA MAID DAIRY	63	\$12,443.42
0000019176	CHENEQUA AVELINO	17	\$12,255.00
0000001819	DEPARTMENT OF CORRECTIONS	52	\$11,466.45
0000003035	HOME DEPOT	89	\$8,714.85
0000000871	ANTHEM BLUE CROSS\BLUE SHIELD	11	\$8,013.26
0000004896	SOFTTEC INC	1	\$7,800.00

*Does not include payments for utilities, employees, and to vendors that had partial payment by PO. There were 170 vouchers under that category. There were 96 additional payments by PO.

³Total includes those vouchers less than \$5,000 and other than utilities, employees, and to vendors that had partial payment by PO.

0000003723	MOORE MEDICAL LLC	14	\$7,033.70
0000003363	DAVID P JACOBSON AND COMPANY INC	14	\$6,450.00
0000000539	HOBART CORPORATION	11	\$6,248.37
0000000175	TRAYCO	6	\$5,874.22
0000016268	SYMPHONY DIAGNOSTIC SERVICES NO. 1, INC	12	\$5,280.00
		1094[#]	\$509,025.40[#]

This situation occurred because Juvenile Services relied on institutional memory and did not adequately incorporate processes and procedure updates from Finance and Purchasing. For example, Finance held regularly scheduled training sessions [called LINKage] with topics that included Accounts Payable (AP) procedures. However, Juvenile Services attended only one Linkage training session during FY2009-2013.

If this situation continues then the City's competitive bidding requirements may continue to be violated. Additionally, if the incorrect use of non-PO vouchers in the payment process continues, then the City will not have an accurate measure of long term obligations.

Recommendation – Juvenile Services should coordinate with Purchasing to generate requisitions and purchase orders for contractual purchases to ensure compliance with City Code.

Juvenile Services discontinue use of non-PO vouchers except where such use is allowed by City Code. Also, Juvenile Services should coordinate with Finance to attend appropriate training of AP processes.

Response –We concur with the recommendation and Juvenile Services will coordinate with Purchasing to generate requisitions and purchase orders for contractual purchases in compliance with City Code. We agree training is necessary and should be provided.

5. Juvenile Services Resident Information Security

Finding – Juvenile Services did not ensure that access of juvenile residents' individually identifiable medical treatment information was not sufficiently protected.

According to the Code of Federal Regulations (CFR), 45 CFR PART 164—SECURITY AND PRIVACY, Subpart E—Privacy of Individually Identifiable Health Information § 164.502 Uses and disclosures of protected health information: general rules. "(a) *Standard*. A covered entity may not use or disclose protected health information, except as permitted or required by this subpart or by subpart C of part 160 of this subchapter."

Juvenile Services processed at least one invoice from an insurance company for medical and dental service contained several juveniles' first and last names, date of treatment, and the diagnostic code of the various medical services provided. Juvenile Services processed the invoices for accounts payable through the City's PeopleSoft financial system and sent the department-approved payment request with all supporting documentation, which had not been redacted, to Finance for payment.

This situation occurred because of miscommunication between Finance and Juvenile Services regarding what was expected for supporting documentation for compliance with HIPAA. Juvenile Services believed that Finance wanted all supporting documentation with vouchers. However, Finance expected individually identifiable health information to remain with the department, with an approved redacted copy supplied as supporting documentation.

If this situation continues, Juvenile Services risks releasing individually identifiable health information. Such a release would risk of civil and criminal penalties for federal HIPAA violations.

Recommendation – Juvenile Services should retain original existing documentation that contains individually identifiable health information and provide approved redacted copies to Finance.

Juvenile Services should ensure that all future submissions remove protected HIPAA information. Additionally, Juvenile Services should coordinate with Finance to secure any supporting documentation in Finance's control that contains individual identifiable health information.

Response – Staff will redact all identifying information concerning the resident to adhere to HIPAA. The copy maintained in case file will contain original client information.

6. Juvenile Services Physical Security

Finding – Juvenile Services exterior areas needed enhanced landscaping.

Juvenile Services' Control of Perimeter (F-4) procedure stated, "To control residents and prevent unauthorized access by the public, before residents are allowed outside, the outside recreation area perimeter shall be checked by staff for contraband, damage to the fence and unauthorized personnel. It shall be checked routinely between 0630-0730, 1430-1530, and prior to each unit entering the area."

We identified several items that could impede the required search:

- The exterior exercise area's grass was not mowed as frequently as needed to keep up with grass growth making it difficult to see potential contraband items. Parks & Recreation's Landscaping division mowed the outside recreation area on a two week schedule.

- Bushes along outside perimeter had grown high and were protruding through the perimeter fence. This could allow someone unseen to approach the enclosed exercise yard and throw contraband over the fence with residents in the yard. The risk of someone unseen approaching from Bells Mill City Park and throwing contraband over the fence was somewhat mitigated as Juvenile Services residents were searched prior to entering the building after their time on the exercise yard.
- The enclosed security area that contained the greenhouse had tree limbs blocking the security light.

**Exhibit X
View of Exterior Exercise Yard**

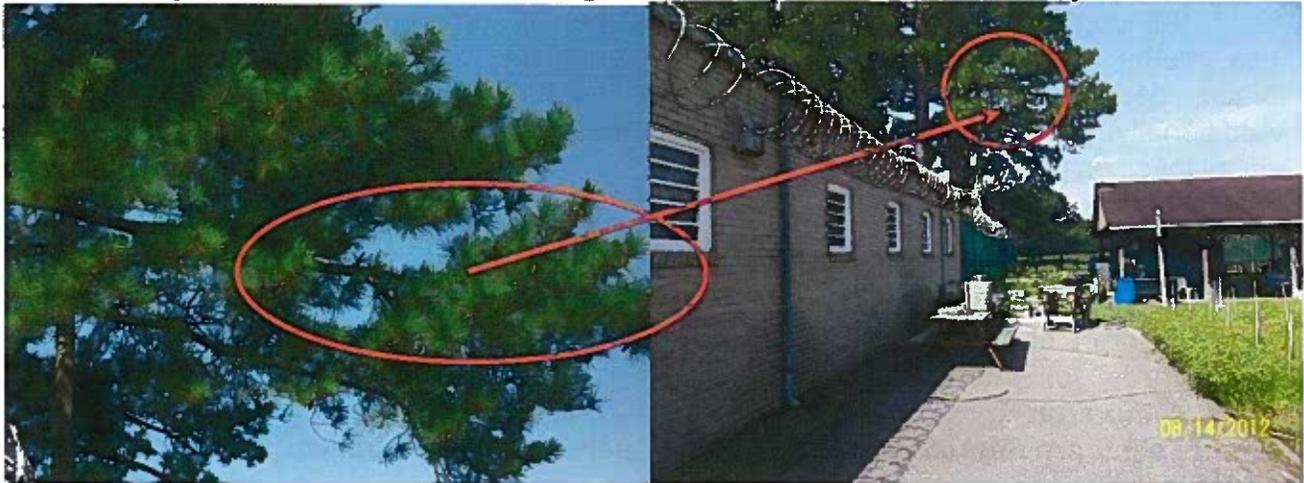


**Exhibit Y
Rear of Juvenile Services from Bells Mill Park**



Exhibit Z

Streetlight over Juvenile Services greenhouse yard area blocked by tree limbs



This situation occurred because the necessity of keeping the grass closely mowed and the bushes cut had not been communicated to Parks & Recreation. If this situation continues, the effectiveness of the perimeter search may be impeded.

Recommendation – Juvenile Services should work with Parks & Recreation to ensure that the grass mowing frequency of the outside exercise yard keeps the grass maintained at a low enough height to facilitate security.

Discussions to address the landscaping issue should include moving the bushes used as visual block landscape to the same distance as is at the rear fence line. Finally, Juvenile Services should ensure that obscuring tree branches and overgrown bushes are tended before they present a risk.

Response – Juvenile Services will coordinate with Parks & Recreation department to ensure frequency of yard maintenance.

E. Chesapeake Interagency Consortium

Although the Consortium implemented the CIC program effectively to assist at-risk youths and families and had internal control and risk management practices in place, documentation illustrating how the internal controls worked was lacking. Additionally, the Consortium did not document verification that services were rendered on all invoices prior to payment.

1. Risk Management and Internal Control Policies and Procedures

Finding: The Consortium had not fully documented its risk management and internal control policies and procedures. The Consortium did not have procedures for identifying and assessing control deficiencies or an internal control monitoring program in place. Also, there was no ongoing training of employees, providers, or other agency personnel on applicable policies and procedures.

The Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule established national standards to protect individuals' medical records and other personal health information and applies to health plans, health care clearinghouses, and those health care providers that conduct certain health care transactions electronically. In response to the HIPAA requirements, the State developed Commonwealth of Virginia Agency Risk Management and Internal Control Standards. These standards, promulgated by the Office of the Comptroller and dated November 15, 2006, stated:

"An effective system of internal control:

- provides accountability for meeting program objectives;
- promotes operational efficiency;
- improves the reliability of financial statements;
- strengthens compliance with laws and regulations;
- reduces the risk of financial or other asset losses due to fraud, waste, or abuse "

To implement these *Standards*, each agency must plan and take systematic and proactive measures to (a) develop, implement, and maintain adequate and cost-effective internal control over the recording of financial transactions, compliance with the financial reporting requirements for the agency, compliance with laws and regulations, and stewardship over assets; (b) periodically assess the adequacy of internal control and identify needed improvements; (c) take corresponding preventative and corrective actions; (d) report annually on internal control; and (e) take action to remediate any deficiency noted."

We did note that the Consortium had internal control and risk management practices in place; however, documentation illustrating how the internal controls worked was lacking. In addition:

- Systems did not ensure that internal control deficiencies were identified and reported to the appropriate staff.
- Control deficiencies were not being reassessed and modified as appropriate.
- Periodic evaluations of the internal control system were not conducted, even when significant changes in procedures and systems occurred.
- Ongoing training of employees, providers, or other agency personnel on applicable policies and procedures was lacking.
 - ❖ Policies, procedures, laws, and other applicable regulations were made available to the providers, local service agencies, and other service members, but formal training was not being provided.
 - ❖ Employees were often trained by other continuing employees who may not have had the same level of knowledge as the staff member being replaced.

This situation occurred because continuous turnover of mission critical staff created an ongoing learning curve. The Consortium had four different coordinators between 2008 and 2012, and had been using a part time Utilization Program Specialist until February 2013. These changes caused the staff to focus more on service delivery rather than internal controls and risk management policies and procedures.

If policy and procedure documentation is not developed and maintained, internal controls and risk management procedures may be overlooked, unenforced, or misapplied. Internal controls that are not properly monitored can give rise to ineffectual service delivery, impair the reliability of financial statements, and increase the risk of noncompliance with Federal, State, and local rules, regulations, and laws. Also, areas with unusually high turnover rates that lack written internal control policies and procedures risk having new employees and other agency personnel who lack awareness of the correct policies and procedures to be followed. Finally, the lack of an ongoing training plan for Consortium employees, providers, and other agency personnel risked a potential learning gap that could adversely impact the Consortium's service delivery.

Recommendation: The Consortium should ensure that all internal control and risk management policies and procedures are reviewed and fully documented. It should also ensure that ongoing training is provided.

The Consortium should take steps to document risk management and internal control policies and procedures as soon as feasibly possible. It should also develop procedures for identifying and assessing control deficiencies and an internal control monitoring program. Finally, the Consortium should develop a training plan that is sufficient enough to offer both updates to existing employees, providers, and other agency personnel while also providing training of new employees, providers, and other agency personnel on the applicable policies, procedures, and laws

Response – The Interagency Consortium completed a Self-Assessment Audit, which included an internal control assessment tool provided by the Commonwealth of Virginia - Office of Comprehensive Services; which will serve

as the current documented internal control process. Corrective Action Plans were developed to address deficiencies in the areas of internal controls and risk management. The Fiscal Administrator reviews vouchers on a monthly basis to ensure the separation of duties remain intact and in compliance. Division of Social Services staff provides coverage when Consortium staff vacancies arise to ensure controls remain in place. The Program Coordinator attends quarterly regional meetings to obtain information about current policies and upcoming legislative issues. Out of area training is available and staff makes every effort to attend necessary training. All positions are currently filled which will allow for more consistent attendance to mandatory and optional trainings.

2. Verification of Services

Finding: The Consortium did not document verification that services were rendered on all invoices prior to payment. Payments for Foster Care related-services were made by Human Services from the Consortium budget without ensuring that the children were still in care.

City Code Sec. 54-8. - Submission and approval of invoices stated:

- (a) The head of the department, bureau or agency shall certify that the items, services or other things purchased have been received in good condition or services have been performed, that payment therefore has not been previously authorized and that the expenditure is a proper charge to the appropriation account indicated on the invoice and presented to the office of the director of finance for payment.

To verify the accuracy of payments, the Consortium matched them against the service dates in their Harmony system at the end of each quarter and noted any errors. Coding errors were not uncommon and often required only the adjusting of dates or addition of missing data. Repayments were sought for any actual overpayments made.

The Consortium paid out \$3,322,642.58 in FY 2011-2012 for professional services. We reviewed a sample of 13 Consortium payments totaling \$28,109 and found that 4 of the 13 (30.8%) were paid without receiving verification that the services were rendered. There was also an issue with Foster Care payments. The Foster Care maintenance payments were paid automatically, and this process allowed for the payments to be made without any additional input from the case worker after the initial authorization. However, since the Foster Care data was only reviewed on quarterly basis by the Consortium, a potential error in a Foster Care payment could exist for up to three months before it was detected.

This situation occurred because, while invoices received by the Consortium for Division of Social Services (DSS) referred children were routed to the DSS case worker for verification that the referenced services had been rendered, invoices received for

children with referrals from other agencies such as the Community Services Board (CSB) or Chesapeake Public Schools (CPS) were not sent out for service verification. Also, while the Consortium was responsible for contacting service providers to collect overpayments related to DSS-referred children, there was no policy indicating who was responsible for CSB or CPS-related collections. Additionally, Consortium staff attempted to monitor Foster Care payments using an Active Foster Care Children Report which gave the status of the children in Foster Care and their service dates. However, since the accuracy of the report was dependent on the case workers promptly updating the Harmony system, it was subject to errors.

If this situation continues, the City risks making overpayments on service invoices and foster care expenses that aren't detected. This situation also required Consortium staff to expend time and effort correcting errors, verifying service dates after the fact, contacting the vendor or provider, and setting up repayment plans. Additionally, Foster Care maintenance payments may be inaccurate and potentially overpaid for three months, and these overpayments (potentially several thousand dollars) may be difficult to recover.

Recommendation: The Consortium should document verification that services were rendered on all invoices prior to payment. Payments for Foster Care-related services should be made only after ensuring that the children were still in care.

The Consortium should require that all invoices received are signed off by the appropriate case worker. For the CSB and CPS invoices, the Consortium should request that these invoices be approved in advance of payment, and the CSB or CPS will be responsible for any necessary collection efforts. Finally, efforts should be made to ensure that case workers update the Foster Care payment system promptly to avoid potential overpayments.

Response – In May 2013, program staff met to discuss resolution and agreed to pilot the processing of monthly maintenance payments to foster parents in July 2013. The payments are made the following month for services provided by foster parents. A monthly Memorandum will be prepared to ensure payments are processed timely using the city processing system. Previously, the Virginia Uniform Welfare Reporting System (VUWRS), the program payment system utilized by Social Services, processed the maintenance payments as recurring payments. Human Services has recently contracted to purchase the web-based Harmony system which will serve as an upgrade to VUWRS. Consortium staff will provide training to the Chesapeake Community Services Board, Court Services Unit, Department of Health and Public School workers concerning the requirements to process vendor payments. The workers will review and verify services provided prior to payment of invoices by the Consortium.

APPENDIX A

RESPONSE FROM HUMAN SERVICES OFFICIALS

Memorandum

TO: Jay Poole, City Auditor

VIA: Dr. Wanda Barnard – Bailey, Deputy City Manager
Human Development/Community Initiatives

FROM: S. Michelle Cowling, Director of Human Services

DATE: June 13, 2013

RE: Response to Department of Human Services
Performance Audit FY 2012 - 2013

C. Operational Issues - - Human Services - DSS

1. Human Services Compliance and Information Technology Support Issues

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

Recommendation – Human Services should continue to enhance its Title IV-E compliance and control and development procedures to help ensure this compliance.

Response – Social Services under the Department of Human Services developed the Chesapeake DHS/DSS Title IV-E User’s Guide, an in-house manual, which provides each division’s role from processing IV-E paperwork through payment processing; Standard Operating Procedures for court ordered reviews was developed between the Agency and City Attorney’s Office (**Attachment A**).

The agency obtained City approval to acquire Harmony, an automated payment system; City DIT and Purchasing are negotiating the maintenance agreement before commencing the project. In an effort to ensure compliance, a temporary Benefit Program Worker II is reviewing the IV-E cases and recommending changes prior to the federal audit scheduled in August 2013.

2. Fraud Program

Finding – Human Services had 135 overdue Fraud Investigations as of October 23, 2012.

Recommendation – Efforts should be made to reduce the investigation backlog.

Response – In an effort to reduce the backlog, Social Services transferred management of the Fraud Unit to the agency Fiscal Administrator effective February 2013. A Memorandum of Understanding was developed and signed by the Commonwealth’s Attorney and Director of Human Services to establish guidelines to ensure cases are appropriately referred for prosecution and acted upon (**Attachment B**).

The agency Fiscal Administrator and Fraud Unit staff provide monthly updates and status reports to the Human Services Director and Assistant Director.

The Fraud Unit will continue to be closely monitored by Human Services management.

D. Chesapeake Juvenile Services

1. Competitive Bidding

Finding – Juvenile Services did not consistently use the City’s competitive bidding processes as required.

Recommendation – Juvenile Services should consistently utilize the competitive bidding process as required.

Response – We concur with the recommendation and Juvenile Services will obtain competitive bids or quotes for items between \$1,000 and \$4,999 and obtain City contracts for items of \$5,000 and above. Juvenile Services and Purchasing will work together to resolve each individual procurement request.

2. Contract Process

Finding – Juvenile Services did not consistently use the City’s contracting process as required.

Recommendation – Juvenile Services should ensure that it complies with the City requirement for contract use.

Response – We concur with the recommendation and agree to comply with the City requirement for contract use set forth in the Purchasing guidelines.

3. Expense Controls

Finding – Juvenile Services did not verify that prices on received invoices agreed with negotiated contract prices.

Recommendation – Juvenile Services should take steps to ensure that invoice prices agree with negotiated contract prices so that it can verify the accuracy of prices paid.

Response – We concur with the recommendation. Juvenile Services will establish and adhere to procedures to ensure that invoice prices agree with negotiated contract prices in order to verify the accuracy of prices paid.

4. Non-Purchase Order Vouchers

Finding – Juvenile Services incorrectly used non-PO vouchers almost exclusively for payment. This practice often bypassed City procurement requirements.

Recommendation – Juvenile Services should coordinate with Purchasing to generate requisitions and purchase orders for contractual purchases to ensure compliance with City Code.

Response – We concur with the recommendation and Juvenile Services will coordinate with Purchasing to generate requisitions and purchase orders for contractual purchases in compliance with City Code. We agree training is necessary and should be provided.

5. Juvenile Services Resident Information Security

Finding – Juvenile Services did not ensure that access of juvenile residents' individually identifiable medical treatment information was not sufficiently protected.

Recommendation - Juvenile Services should retain original existing documentation that contains individually identifiable health information and provide approved redacted copies to Finance.

Response – Staff will redact all identifying information concerning the resident to adhere to HIPPA. The copy maintained in case file will contain original client information.

6. Juvenile Services Physical Security

Finding – Juvenile Services exterior areas needed enhanced landscaping.

Recommendation – Juvenile Services should work with Parks & Recreation to ensure that the grass mowing frequency of the outside exercise yard keeps the grass maintained at a low enough height to facilitate security.

Response – Juvenile Services will coordinate with Parks & Recreation department to ensure frequency of yard maintenance

E. Chesapeake Interagency Consortium

1. Risk Management and Internal Control Policies and Procedures

Finding – The Consortium had not fully documented its risk management and internal control policies and procedures. The Consortium did not have procedures for identifying and assessing control deficiencies or an internal control monitoring program in place. Also, there was no ongoing training of employees, providers, or other agency personnel on applicable policies and procedures.

Recommendation – The Consortium should ensure that all internal control and risk management policies and procedures are reviewed and fully documented. It should also ensure that ongoing training is provided.

Response – The Interagency Consortium completed a Self-Assessment Audit, which included an internal control assessment tool provided by the Commonwealth of Virginia - Office of Comprehensive Services; which will serve as the current documented internal control process. Corrective Action Plans were developed to address deficiencies in the areas of internal controls and risk management. The Fiscal Administrator reviews vouchers on a monthly basis to ensure the separation of duties remain intact and in compliance. Division of Social Services staff provides coverage when Consortium staff vacancies arise to ensure controls remain in place. The Program Coordinator attends quarterly regional meetings to obtain information about current policies and upcoming legislative issues. Out of area training is available and staff makes every effort to attend necessary training. All positions are currently filled which will allow for more consistent attendance to mandatory and optional trainings.

Recommendation – The Consortium should document verification that services were rendered on all invoices prior to payment. Payments for Foster Care-related services should be made only after ensuring that the children were still in care.

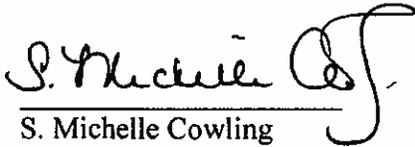
1. Verification of Services

Finding – The Consortium did not document verification that services were rendered on all invoices prior to payment. Payments for Foster Care related-services were made by Human Services from the Consortium budget without ensuring that the children were still in care.

Recommendation – The Consortium should document verification that services were rendered on all invoices prior to payment. Payments for Foster Care-related services should be made only after ensuring that the children were still in care.

Response – In May 2013, program staff met to discuss resolution and agreed to pilot the processing of monthly maintenance payments to foster parents in July 2013. The payments are made the following month for services provided by foster parents. A monthly Memorandum will be prepared to ensure payments are processed timely using the city processing system. Previously, the Virginia Uniform Welfare Reporting System (VUWRS), the program payment system utilized by Social Services, processed the maintenance payments as recurring payments. Human Services has recently contracted to purchase the web-based Harmony system which will serve as an upgrade to VUWRS.

Consortium staff will provide training to the Chesapeake Community Services Board, Court Services Unit, Department of Health and Public School workers concerning the requirements to process vendor payments. The workers will review and verify services provided prior to payment of invoices by the Consortium.


S. Michelle Cowling

6/13/13
Date

CHESAPEAKE DHS/DSS
Title IV-E
USERS GUIDE

Revised February 15, 2013

Service Workers Guide

TABLE OF CONTENTS

The Importance of Title IV-E & Training & Communications	3
Flow Chart	4
Protocol when Child Enters Care through CPS	5
Legal Requirements, Language, Time Lines & Annual Review	
Preplanning Meetings and Tracking Court Orders	6
Preauthorization Form for Court Orders	7
Annual Judicial Reviews	8
Quick References and Data Collection by the Social Worker	9
Transitional Foster Care Social Workers & Their Duties	10
The Benefits Record & Quick References and Eligibility Determination for Benefits Worker II	11-12
Licenses and Certifications for Foster Homes	13
VEMAT Information Location in Services Files, Copies to Benefits Worker	14
Finance Payment Processing and Flow Chart for Purchase Orders	15-17
CSA and Title IV-E	18
Top Ten Errors on Title IV-E Reviews	19-20
Appendix – Forms	21
The Title IV-E Application	
Resource Forms	

**Note*

Some of the enclosed information is from VDSS Spark website, Resources for IV-E and the Henrico County Guide to IV-E.

*Vickie L. Haralson, MSW
Chief of Services*

Service Workers Guide

The Importance of Title IV-E to Local and State Budgets

When children are not Title IV-E eligible, or the information is insufficient to either determine eligibility, or timelines not met as prescribed, these children become CSA which is both state and locally funded. The costs for local services and programs are greatly impacted in that the child's entire episode in foster care may be CSA, or a portion of their stay impacted with additional costs to CSA and local government.

Virginia DSS shares the following information on Spark website

This is a federal program designed to provide funding to states to ensure proper care for eligible children in foster care and to provide ongoing assistance to eligible children with special needs receiving adoption subsidies. The program is authorized under Title IV-E of the Social Security Act and it is funded by federal and state/local matching funds. Administration is handled by state and local public child welfare agencies.

Title IV-E is not a grant. It is a program under which the Commonwealth of Virginia is entitled to reimbursement for certain foster care and adoption expenses. Although there is no cap on reimbursement, it is limited to three areas and the funding formula is different for each:

- Maintenance (e.g. room, board and transportation to visit parents and siblings)
- Administration (e.g. eligibility determination and case management activities)
- Training (e.g. training for child welfare staff and foster and adoptive parents)

(Information from VDSS Spark webpage)

Services Division Training Requirements

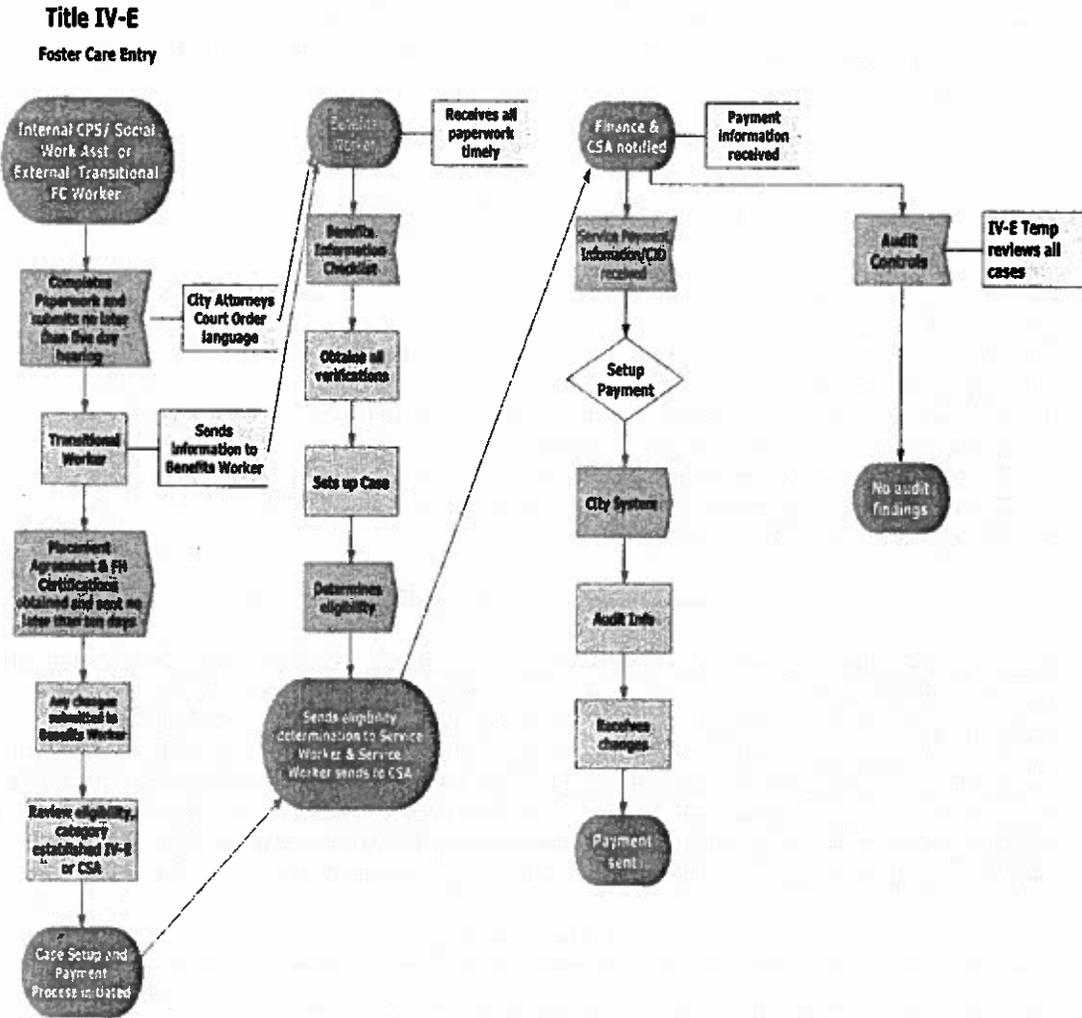
Effective September 2012, all Foster Care Workers are required to complete the VDSS Online Title IV-E Module for Social Workers. In addition, new workers are required to complete the training within their first 90 days of employment. Foster Care and Adoption Supervisors are required to complete the series on Title IV-E eligibility determination. When State IV-E training is offered in person, Foster Care Supervisors must attend and bring back information and share during monthly Foster Care Program meetings, unit meetings, and Title IV-E Work Group Meetings which occur monthly. Foster Care and Adoption Supervisors will assist in the completion of IV-E forms and provide individual training as needed to staff, interns, and volunteers assigned to their units.

Communications

Communication is the key to success for all parties involved. In order to keep all parties on the same page, all future unit case transfers will be staffed for transfer. The staffing will include: the transferring worker and supervisor, the new worker and supervisor, and Benefits Worker II. A transfer and closing checklist form will be presented at the staffing by the transferring worker and filed in Volume 1 of the Services record. Using the Transfer and Closing checklist, the case is reviewed by all parties to verify information is complete and accurate and to be accepted by the new unit. Staff are required to update the Benefits Worker II monthly on the progress of the case. Placement changes require immediate communications and documentation.

Service Workers Guide

Title IV-E Flow Chart



Service Workers Guide

STANDARD OPERATING PROCEDURES

CPS/Foster Care Removals

I. Purpose

The purpose of this SOP is to ensure seamless and expeditious completion of all required Title IV-E guidelines.

II. Procedure

These requirements apply to emergency removal of a child during a CPS Family Assessment or Investigation. It is imperative that during the course of child's placement into the Department's custody, the CPS Worker and Social Work Assistant work collaboratively with the Foster Care Transitional Worker to disseminate required Title IV-E information.

- The CPS Worker must gather information to identify maternal and paternal relatives and the kinship network providing support and resources to the family and child during the course of the investigation. Many families identify non-relatives as kin, such as godparents, friends, and others with whom they have a family-like relationship. The early identification of adult family members and supports is critical for the Title IV-E packet.
- The CPS Worker must notify the Social Work Assistant of the initial staffing for a CPS removal of a child being placed in the Department's custody.
- The Social Work Assistant is included in the agency staffing and begins the process of completing the Title IV-E packet with the assistance of the CPS Worker.
- It is the primary responsibility of the CPS Worker to ensure that the Social Work Assistant has completed the required information to be submitted to the Foster Care Transitional Worker no later than **five days** after the removal.
- The Social Work Assistant will submit the package to the immediate Supervisor within five days of the removal and the Supervisor will forward the information to the Transitional Worker. The Supervisor and Transitional Worker will sign and date the package.
- The Title IV-E package will include:
 1. **Title IV-E Application for each parent and guardian**
 2. **Child's Birth Certificate**
 3. **Child's Social Security Card**
 4. **Child's Medical Insurance Card**
 5. **CPS Affidavit**
 6. **Certified Court Order**
 7. **Signed Boarding Home Agreement.**

Service Workers Guide

Legal Requirements, Language, Time Lines & Annual Review

To be eligible for IVE, the court order must have the following language:

a) A statement that continuation in the home would be contrary to the welfare of the child or similar language to the same effect.

b) Judicial determination that “reasonable efforts to prevent removal” OR reasonable efforts to prevent removal were not required” has been made. Typically, this language requirement is on the initial court order. If it is not, a court order must be obtained within 60 days after the child’s physical removal to meet this requirement.

If the language requirement is not met, the child cannot be determined eligible for IV-E for the entire foster care episode.

Note: If the child enters foster care through a voluntary placement agreement (entrustment or non-custodial foster care agreement, the only required judicial language criterion is contrary to the welfare. There are no initial judicial language requirements for children who enter care through a voluntary placement agreement. Title IV-E eligibility is permitted for the first 180 days of the foster care placement.

Tracking and Authorization of Court Orders

Effective immediately all foster children’s court hearings require a preplanning conference with submission of the proposed order for the hearing. This process includes any court hearing involving foster care, emergency removals, disposition, review and permanency hearings. Weekly the city attorneys prepare and forward court orders for review. The Foster Care Supervisor prepares an authorization form for each order, reviews the order and provides signoff for authorization that the court order meets all requirements for IVE. This process is required in order to achieve 100% accuracy prior to submission to Court. The Action Request Form is filed in the Appendix section. The form contains data related to the specific order and child. The action forms are printed on yellow paper logged and filed with copies of the order.

Service Workers Guide

**CHESAPEAKE DEPARTMENT OF HUMAN SERVICES/DIVISION OF SOCIAL SERVICES
TITLE IV-E COURT ORDER PREPARATION AND APPROVAL
ACTION REQUEST FORM
MUST PRINT**

Date Submitted By Department:

Description:

Program:

Prepared By:

Telephone:

Requesting Action from (check all that apply):

INTERNAL – DSS, CJS, CIC, CCA:

Division of Services (Vickie Haralson)
 Supervisor and Worker
 (specifically list the department and signatory authority)
 Division of Benefits (Harry Cromer)
 Dorothy Clanton, Title IV-E
 Melanie Bond/Designee – CIC

EXTERNAL – City of Chesapeake

City/Asst. City Attorney
 Other: (specifically list the department and signatory authority)

Action Required:

Comments:

By signing this document, you acknowledge you have received, reviewed and approved the attached requested document.

Approval Signature(s)	Department/Division	Date
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Document Tracking - Review Process

DSS Return Due Date: _____	Return To: _____	Reason: _____
Returned for additional changes: _____	Returned To: _____	Reason: _____

Final Process

Returned - Date: _____	Returned To: _____
Forwarded - Date: _____	Forwarded To: _____ Purpose: _____
Received by: _____	Date: _____

(Action Request Form Services, Title IV-E -2013)

Service Workers Guide

Annual Judicial Reviews

The federal government requires that all Title IV-E children have annual judicial reviews to determine if the LDSS is making reasonable efforts to finalize the permanency plan for the child.

The Foster Care Review Order has the following reasonable efforts language boxes:

Reasonable efforts have been made have not been made by the agency to reunite the child with his or her parents, guardian or other person standing *in loco parentis* to the child.
 Reasonable efforts to reunite the child with the parents are not required pursuant to Virginia Code § 16.1-281 B
 Another planned permanent living arrangement having been approved as the plan for the child, reasonable efforts have been made have not been made to place the child in a timely manner in accordance with the foster care plan and reasonable effort have been made have not been made to monitor the child's status in another planned permanent living arrangement.
 Reasonable efforts have been made have not been made by the agency to place the child in a timely manner in accordance with the foster care plan and to complete the steps necessary to finalize the permanent placement of the child.

1st box for Return home

2nd box never good to use

3rd box for APPLA

4th box for APPLA, Placement with relatives, Adoption, IL (eff. 7/1/2011 IL was eliminated as a new goal) or Continued Foster Care (eff. 7/1/09 Continued Foster Care was eliminated as a new goal)

The Permanency Planning Order has the following reasonable efforts language boxes:

Reasonable efforts have been made have not been made by the agency to reunite the child with his or her parents, guardian or other person standing *in loco parentis* to the child.
 Reasonable efforts to reunite the child with the parents are not required pursuant to Virginia Code § 16.1-281 B
 The board or agency has identified a permanent goal for the child other than returning the child home and reasonable efforts have been made have not been made to achieve the permanent goal identified in the foster care plan.

1st box for "Return home

2nd box never good to use

3rd box is for APPLA, Placement with relatives, Adoption, IL (eliminated as new goal eff. 7/1/10) or Continued Foster Care (eliminated as new goal eff. 7/1/11)

REMEMBER: The reasonable efforts language may address the goal written on the current order or any goal that was in place in the previous 12 months.

NOTE: Checking more than one reasonable efforts box does not invalidate the order so long as one of the boxes checked addresses current goal or goal within past 12 months.

Service Workers Guide

Quick Services Checklist for Initial IV-E Referrals and Changes in Placement

The following checklists are to assist the services worker in gathering and providing the necessary documentation to establish IV-E Eligibility. The original application must be submitted within five days and absolutely no later than ten days of the entry into care. All other documents are copies, provided to the Benefits Program Worker (BPW). Original documents should remain in the Service file in the finance section of the services records.

- € Title IV-E Foster Care & Medicaid Application (032-03-0636-02)
- € Petition if used for initial removal
- € Court Order with correct language –Contrary and Reasonable Efforts
- € Voluntary Placement Agreement (Entrustment or Non Custodial Agreement)
- € Birth Certificate
- € Social Security Card or application for Social Security card
- € Financial agreement or contract with provider
- € Certificate of Approval (for agency approved homes) AND Approval Checklist
- € CPA License AND CPA Foster Home Certificate AND CPA letter for Criminal & CPS records verifications
- € Residential License
- € VEMAT –signed approval page and amount
- € Referral to Child Support Enforcement Absent Parent/Paternity Information Form (032-03-0501-06)
- € Medicaid card (if currently enrolled)
- € Good Cause Claim Form, if applicable (032-03-035/5)
- € Emergency Foster Home approval letter (032-04-0058-01-eng)
- € Documents for legal custody if held by someone other than parents

Changes in Placement

Any time the child's placement changes, new information must be sent to the Benefits Worker within three working days and to CSA within 24 hours.

- € Changes in child's placement must be reported to the BPW/CSA immediately— this includes children who are in runaway status
- € Provide copy of compliance form for agency approved foster home to BPW
- € Provide copy of license for child placing agencies and residential facilities
- € If placed in residential facility, provide copy of contract for child
- € If child is an alien and placement is also with an alien, advise BPW

Service Workers Guide

Transitional Foster Care Social Workers & Their Duties

The Transitional Foster Care Social Workers assist their units with establishing services for new children coming into care and their birth parents. The Transitional Social Workers gather documentation from CPS, the Court Services Unit, and Court and provides it along with the application information for Title IV-E eligibility determination.

The workers update funding screens in OASIS and provide ongoing documentation, change forms to the BPW and Chesapeake Interagency Consortium within three days and 24 hours as required.

Role of the Ongoing Foster Care Social Worker

All foster care workers are required to provide timely documentation to both the Transitional Social Workers, BPW, and CIC for changes with placements, placement agreements, other case actions, VEMAT changes, [CANS, Certificate of Need, etc., for CIC].

Although the Transitional Social Workers help with initial gathering of information, the ongoing Foster Care Social Worker is the primary worker to report and document timely changes to all parties involved. Ongoing Foster Care Social Workers are responsible and must use the Quick Services Checklist for Initial IV-E Referrals and Changes in Placement and be sure it is completed for all changes within the specified time frames.

Service Workers Guide

The Benefits Record

The Benefits record is the official record for Title IV-E audits. The application and all supporting data, change forms, licensing information, criminal records checks verifications, VEMAT information and changes in circumstances are required to be in this record. The Services records are pulled when the Benefits record lacks appropriate data.

Quick References and Eligibility Determination for Benefits Worker II

Permanent Verification

- € Birth Certificate for Child.
- € Custody Order (other than parents).
- € Social Security Number for foster care child
- € DCSE Referral/501 form on both absent parents
- € Good Cause Claim form (if applicable).

Court Orders-Initial and subsequent

- € Removal Petition (if applicable).
- € Emergency Removal Order.
- € Preliminary Removal Order
- € Transfer of Custody
- € Court Order which adjudicated abuse/neglect (if applicable)
- € Permanent Entrustments
- € Temporary Entrustments
- € Non-custodial Agreements.
- € Dispositional Order.
- € Foster Care Review Order.
- € Permanency Planning Orders
- € Termination of Parental Rights Orders.
- € Permanent Foster Care Orders.

Initial Screening

- € Initial Application (Form 032-03-0636-03).
- € Initial Evaluation of Eligibility (032-03-0635-03)
- € Title IV-E Notice of Action with approval date (032-04-0079-00)

Placements-Residential

- € Facility/Group Home license (license shall be current).
- € Financial contract/agreement.

Placements-Agency or CPA Home

- € Emergency Approval Letter (valid for 60 days)
- € Foster Home Certificate of Approval
- € Checklist Form (032-04-0054-01) with verified date CPS/criminal background checks received

Service Workers Guide

- € Financial Agreement for LDSS Approved Providers (032-02-0052-03-eng.)
- € Financial contract/agreement.
- € LCPA current license
- € LCPA form letter with verified date of CPS/criminal background checks

Payment and Miscellaneous Document

- € Case Actions
- € Clothing Allowance Tracking
- € VEMAT page with approved payment
- € VACIS printouts

Service Workers Guide

Licenses and Certifications for Foster Homes

The Transitional Foster Care Workers assist initially with obtaining licenses and certifications for foster homes, Treatment Foster Homes (TFC), residential or group placements.

The Adoptions and Resource Unit staff have information available on agency approved foster/resource homes and will gather information from borrowed regular maintenance homes from other DSS agencies for any new placements as well as complete the Placement Agreements for the child's placement.

The Transitional FC Workers and Ongoing Foster Care Workers are responsible to provide all documentation to the BPW as required and within the time frame of three working days.

A notebook of existing vendor homes, group and residential is shared among the Older, Younger and Adoption and Resource Unit, and updated when placements occur.

The ongoing Foster Care worker is responsible to be sure the licenses and any criminal records checks are current at all times, and will gather additional licenses for any child in their workload and share with the BPW before expiration of licenses and checks within the specified time frame.

The Office Assistant II staff will assist with maintenance of the notebooks for updated licenses and a log of licenses of regular maintenance, Treatment Foster Care, Group Home, and Residential licenses with expiration dates. The Office Assistant II will contact vendors within thirty days of expiration to obtain updated licenses and documentation required for Title IVE determination.

Service Workers Guide

VEMATs, Location in Services Files, Copies to Benefits Worker & CIC

The Transitional Foster Care Worker and Ongoing Foster Care Worker, once the case is transferred, will maintain all completed VEMATs in the Financial Notebook/Folders. Copies of all VEMATs will be given to the BPW and CIC.

Service Workers Guide

DSS Finance Payment Processing

The following type of payments are processed through the Chesapeake DSS Finance office: IV-E POSO's and Invoices, IV-E and CSA monthly ongoing payments processed on a Service Payment Form (SPF), partial and ongoing payments not on the SPF are processed on the Adjustments Cancellations Form (ACR), CSA and IV-E clothing vouchers processed on a Credit Authorization Form.

Foster Care Purchase of Service Orders and Invoices Processing

Purchases of Service Orders are generated by the Transitional Foster Care worker.

1. The Purchase of Service Orders (POSO) with Invoices is received in Finance from the Transitional Foster Care worker. The POSO must be signed by case worker, Foster Care Supervisor and Fiscal Officer. The Account Technician II checks for correctness, amounts, vendor and case numbers. Finance keeps the Client file copy of the POSO. The POSO and all invoices are taken to the Foster Care Office Assistant to be mailed to the Vendor.
It is the responsibility of the Foster Care Transitional worker to ensure that purchase order, services and rates are correct.
2. The signed Fiscal Officer copy of the POSO is received through the mailroom. The Client File copy is then sent to the worker for the financial folder. The Fiscal Officer copy is added to the Foster Care Purchase Order book.
3. Finance receives the invoices monthly from the vendor. The Account Tech will initial and date in the received by DSS box and send the invoice to Transitional Foster Care worker, Young or Teen unit. Once received back in finance, it should have the following initials, the Social Worker, the Transitional Social Worker and the IV-E Benefit Worker. When the invoices are returned to Finance the Account Tech then initials and dates in the Received by Fiscal Office box. Invoices are then coded and sent to Data for processing.
4. Once payment has been made invoices are stamped paid and the Client File copy is returned to the Transitional Worker.

Service Payment Form (SPF)

The Service Payment Form is used to start or stop a monthly ongoing payment. The SPF must be received in finance before the last full week of the month to ensure processing by the first of the upcoming month.

1. The SPF is checked by the Account Tech II for accuracy, and then forwarded to Data for processing.

Service Workers Guide

Adjustments Cancellations Refunds (ACR)

The Adjustment Cancellation Refund Form is used to make partial or monthly payments not set-up on an SPF.

1. The ACR is checked by the Account Tech II for accuracy, and then forwarded to Data for processing.

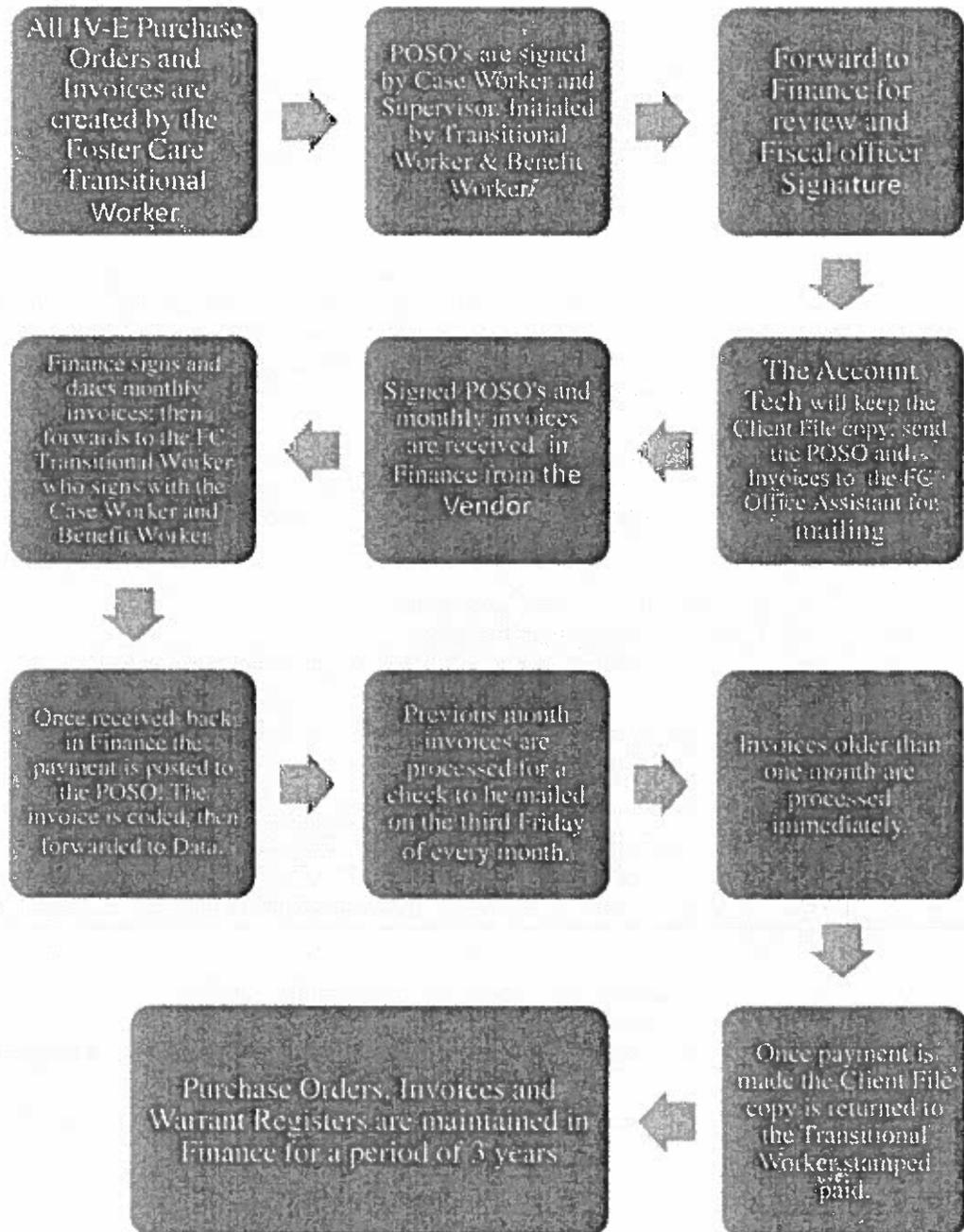
Credit Authorization

1. CA's are logged out in finance by Social Workers or Foster Care Supervisors. Once filled out, the gold copy is returned to finance.
2. When the bill or in some case the white copy is received back from the vendor, the gold copy is placed with all other information, receipts, etc. A VUWRS slip is stapled to the front and the information is filled out.
3. The Gold copy of all CA's are sent to the Transitional workers in the Foster Care units for approval and signature. All CA's must be initialed by the Transitional and IV-E Benefit worker.
4. Once received back in finance, the CA is forwarded to Data for processing.

When checks are received from Finance payment is reconciled with the warrant register. Checks are mailed on Friday. The date stamp and check number is printed on all forms. A copy is then sent back to the unit to file in the financial folder.

Service Workers Guide

IV-E Purchase Order and Invoice Processing



Service Workers Guide

CHESAPEAKE INTERAGENCY CONSORTIUM REGULAR MAINTENANCE FOSTER CHILDREN and IV-E ELIGIBILITY

Policy: The Chesapeake Interagency Consortium has the authority to fund services for regular maintenance foster care children in the absence of a formal FAPT process, per COV § 2.2-5209, which states this may be done: “for cases involving only the payment of foster care maintenance that shall be at the discretion of the local community policy and management team”.

Procedure:

- The Chesapeake Department of Social Services notifies the Consortium when a child enters foster care through the use of a Placement Change Form. This form provides identifying and demographic information, including the child’s previous placement, current placement, and placement date. The form also indicates the child’s current foster care level (e.g., regular maintenance, treatment foster care).
- All foster children are eligible for CSA funds until notification of their IV-E status is received from DSS. DSS has 45-days after a child enters care to determine their IV-E status and will provide this information the Consortium via the Notice of Action Form. The notification alerts the Consortium of:
 - A foster child’s IV-E eligible status
 - The foster child’s eligibility dates
 - When (and if) the foster child’s IV-E eligibility was terminated
- If a child is deemed ineligible for IV-E funds, or their eligibility lapses, the child will remain eligible for CSA-funding.
- Chesapeake’s CPMT recognizes the mandated status of all foster children, including Regular Maintenance Foster children. As such, it is the acknowledgement of the CPMT that certain CSA foster care expenditures are inherent to all non-IV-E foster children and do not require review by FAPT. The CPMT approves the following expenditures for all non-IV-E foster children in absence of the FAPT process:
 - Monthly Maintenance Costs (determined by age)
 - Clothing allowances
 - Incidental Expenditures (see policy on DSS Foster Care Incidental Funds)

Any expenditure that is in excess of the aforementioned requires referral to, approval of and ongoing review by the FAPT on behalf of the CPMT.

Service Workers Guide

TOP TEN ERRORS ON IV-E REVIEWS

1. License and foster home certifications.

Each placement must be in an approved home or facility and support documentation must be in the file. Our error finding included missing documents, expired licenses and certificates, or invalid licenses not support with the criminal record and CPS verifications.

2. Court Orders

Each episode of care must have a valid court order. Initial orders require language that it is contrary to the welfare of the child to remain in the home. Subsequent orders must have language and goal to establish permanency for the child and be completed at least annually. Initial orders are generally correct however the ongoing orders present more problems. Our error findings included missing court orders, language that does not match the goal, untimely hearings, and incomplete or unsigned orders.

3. Unallowable Service payment

IV-E has limited payments options and can only be allowed for maintenance costs as defined for the Federal regulations. Maintenance does not cover any type of service. Many of the payment errors are due in inappropriate payments such as legal services, medical costs, operational costs charged by residential providers, respite care and educational or recreational activities for the child.

4. Application and Eligibility Documentation

The documents needed to verify eligibility are the application completed by the service worker and the determination completed by the eligibility worker. Our findings included incomplete information to verify AFDC requirements such as relationship and custody for the child, removal home, income and resources and incorrect evaluation of members in the assistance unit.

5. VEMAT

Payments made for additional daily supervision are established through the VEMAT process. Our error findings included missing VEMAT authorization forms, untimely renewal of VEMATs and errors in prorating and use of emergency VEMAT payments.

6. Invalid Removals

AFDC requires that a child is removed from a parent or relative with legal custody. The child must have lived with that relative within the 6 months prior to removal. Removal must be made at the time the court order is issued. Our error findings included removal from non-relatives or removal from individuals without documented custody or relationship and removals that did not meet the 6 month living with requirements and allowing the child to remain in the removal home.

7. Child aged out

IV-E payments end when a child turns 18 or age 19 if they are still in secondary education program are expected to graduate before their 19th birthday. Our error findings included maintenance payments continuing after the child aged out or after completing their education program.

Service Workers Guide

8. Voluntary placements

Entry into care by a VPA requires a court determination within 180 days that it is in the best interest of the child to remain in care. If this finding is not obtained the case is no longer IV-E eligible. Our error findings are failure to obtain the required order to continue care.

9. Continuance of payments after child was no longer eligible for IV-E.

There are times when payments must stop for IV-E which includes trial home visits, extended absences from placements lasting 14 days or when custody is returned to the family. Our error findings were for payments made to providers after the child left, clothing payments made while in trial home visits and payment for periods of time the child was no longer in the placement.

10. Missing reasonable efforts language

This is also a required language on all court orders but is not required on the initial order. The language must be provided within 60 days. Our error findings included payments prior to obtaining the language or payment made when the language was not obtained in the 60 days.

Service Workers Guide

Appendix - Forms

Attachment B



Department of Human Services
Division of Social Services
100 Outlaw Street
Post Office Box 15098
Chesapeake, Virginia 23328-5098
(757) 382-2000

**Memorandum of Understanding
Between
Chesapeake Division of Social Services
and
Office of the Commonwealth's Attorney**

The purpose of this agreement is intended to establish fraud guidelines between the Commonwealth's Attorney and Social Services to insure the disposition of pursued fraud cases has been communicated and acted upon.

Social Services shall be responsible for receiving referrals of suspected fraud, analyzing allegations, identifying the violated program regulations, reviewing case records, gathering and analyzing evidence to substantiate whether fraud occurred, conducting interviews of suspects and witnesses, taking written statements, determining if intent exists, determining suitability of cases for prosecution or other forms of administrative actions, preparing comprehensive investigative reports, testifying in court, and overseeing collections. Social Services also reserves the right to refer cases involving unusual circumstances, and as a basis for deterrence of public assistance fraud, publicize any and all fraud referrals resulting in conviction.

The Office of the Commonwealth's Attorney shall be responsible for receiving and reviewing referrals for clients who received overpayment benefits of \$1,000.00 or more, and/or clients considered to be habitual offenders or violators. The Commonwealth's Attorney's office is solely responsible for the decision to pursue criminal prosecution. If the Commonwealth's Attorney decides the referred case is not suited for prosecution, a written decision must be submitted to Social Services (see Attachment A); however, the same form will also be utilized for "Prosecution Recommendations" and "Restitution." This will serve as case record documentation the agency attempted to pursue prosecution as required by Virginia Department of Social Services policy.

The MOU may be amended at any time by mutual agreement of the parties in writing.

Chesapeake Division of Social Services
By: Susan Michelle Cowling
Susan Michelle Cowling, Director

Date: March 4, 2013

City of Chesapeake Commonwealth's Attorney
By: Nancy G. Pahr
Nancy G. Pahr

Date: 3/6/2013