

Audit Report

**Department of Human Services
Social Services Administration**

November 2017



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

For further information concerning this report contact:

**Department of Legislative Services
Office of Legislative Audits**

301 West Preston Street, Room 1202
Baltimore, Maryland 21201

Phone: 410-946-5900 · 301-970-5900

Toll Free in Maryland: 1-877-486-9964

Maryland Relay: 711

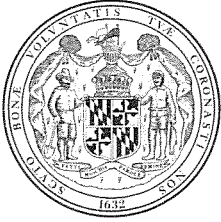
TTY: 410-946-5401 · 301-970-5401

E-mail: OLAWebmaster@ola.state.md.us

Website: www.ola.state.md.us

The Office of Legislative Audits operates a Fraud Hotline to report fraud, waste, or abuse involving State of Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously by a toll-free call to 1-877-FRAUD-11, by mail to the Fraud Hotline, c/o Office of Legislative Audits, or through the Office's website.

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at 410-946-5400 or 410-970-5400.



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

November 20, 2017

Warren G. Deschenaux
Executive Director

Thomas J. Barnickel III, CPA
Legislative Auditor

Senator Craig J. Zucker, Co-Chair, Joint Audit Committee
Delegate C. William Frick, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Department of Human Services (DHS) – Social Services Administration (SSA) for the period beginning January 28, 2013 and ending June 30, 2016. SSA supervises, directs, and monitors the social services programs (including foster care) of the State's 24 local departments of social services.

SSA had not established a comprehensive quality assurance program to ensure that child welfare programs were being properly administered by the local departments of social services (LDSSs) that are responsible for case management functions, including the monitoring of child care placements and providers, and investigating reports of abuse and neglect. According to SSA records, during fiscal year 2016, approximately 17,000 children participated in SSA programs and were served by 9,000 providers/parents at a cost of approximately \$270 million.

We found that SSA had not established LDSS oversight or the oversight was insufficient in the following areas:

- Foster care placement recordkeeping
- Medical and dental exams for foster care children
- School attendance for school-aged children
- Approval, monitoring, and continued eligibility of family foster care providers, and adoptive parents and guardians
- Continued program eligibility of children over the age of 18
- Child abuse and neglect investigations
- Substance-exposed newborn risk assessments
- Children born to individuals with parental rights previously terminated

In each of these areas, we identified instances in which the LDSSs were not complying with SSA requirements, State regulations, or law. For example, based on a judgmental selection of 57 foster care children monitored by 10 different

LDSSs, we determined that evidence was lacking regarding compliance with 31 percent of five required attributes tested, such as medical exams. Official records of family foster care provider approvals, quarterly meetings with those providers, and provider training and continued eligibility were often found to be incomplete. Also, according to reports generated from SSA's case management system, 28 percent of the investigations of child abuse and neglect that were completed during a three-month period were not completed within the required 60-day period.

SSA did not maximize the recovery of federal reimbursement for eligible children in foster care, as well as those in adoption and guardianship programs. Eligibility decisions were not subject to effective supervisory reviews, and our test of 36 children for which federal funding was not being received identified 18 cases for which children were incorrectly identified as ineligible, resulting in the failure to recover \$1 million in federal funds. We also identified instances in which the State was not collecting Supplemental Security Income to apply against the cost of care for eligible children.

Financial information from providers of child placement services, such as group homes, were not reviewed timely to identify and recoup overpayments. As of September 2016, most of the approximately 90 provider financial reports for fiscal year 2014 had not been completed and none of fiscal year 2015 reports were reviewed. Our tests also identified instances in which, contrary to SSA's policy, adoption assistance payments continued even though the applicable children had entered foster care, potentially resulting in inappropriate payments for the child.

We determined that SSA's accountability and compliance level was unsatisfactory, in accordance with the rating system we established in conformity with State law. The primary factors contributing to the unsatisfactory rating were the number and significance of the audit findings contained in the report.

DHS' response to this audit, on behalf of SSA, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during our audit by SSA.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'TJ Barnickel', written in a cursive style.

Thomas J. Barnickel III, CPA
Legislative Auditor

Table of Contents

Background Information	6
Name Change and Agency Responsibilities	6
Status of Findings From Preceding Audit Report	8
Findings and Recommendations	9
Quality Assurance Program	
Finding 1 – The Social Services Administration (SSA) did not have comprehensive quality assurance processes to adequately monitor the administration of child welfare program services by the State’s local departments of social services (LDSSs).	9
Monitoring Compliance With Foster Care Requirements	
Finding 2 – SSA had not established procedures to monitor the LDSSs to ensure that foster children were placed in the least restrictive environment and received required services. Further, reports from CHESSIE did not accurately reflect services provided to children in foster care, which hampered the ability of SSA to monitor service delivery.	10
Monitoring of Foster Care, Adoption, and Guardianship Assistance	
Finding 3 – SSA did not establish procedures to ensure that the LDSSs complied with State regulations regarding the initial approval of foster care providers, as well as ongoing monitoring requirements for foster care providers, adoptive parents, and guardians.	13
Finding 4 – SSA had not establish procedures to ensure that children who remained in the foster care, adoption, or guardianship programs after they reached the age of 18 were eligible to do so and, for certain cases we reviewed, there was a lack of documentation supporting continued eligibility.	16
Federal Funds	
Finding 5 – SSA did not have adequate procedures to ensure that it received federal reimbursement for all children eligible for Title IV-E funding. Our tests disclosed instances in which children were incorrectly determined to be ineligible, resulting in a potential loss of federal funds totaling approximately \$1 million.	19

- * Finding 6 – SSA did not maximize the recovery of federal funds for children who were eligible to receive Supplemental Security Income. 21

Child Protective Services

- Finding 7 – SSA did not monitor the timeliness of child abuse and neglect investigations conducted by the LDSSs. In addition, reviews and investigations of allegations were not always performed timely. 23

- Finding 8 – SSA did not monitor the timeliness of required assessments of substance-exposed newborns completed by the LDSSs. In, addition these assessments were not always completed within the required time frames. 25

- Finding 9 – SSA lacked adequate controls to ensure the LDSSs were immediately notified of children born to individuals who had previously had their parental rights terminated for abuse or neglect. In addition, SSA did not ensure that the LDSSs completed an assessment of these families and offered services when appropriate. 26

Foster Care, Adoption, and Guardianship Payments

- Finding 10 – SSA did not ensure that overpayments made to certain providers of child placement services were identified and resolved in a timely manner. 28

- Finding 11 – SSA had not established procedures to ensure that adoption assistance payments were suspended, terminated, or as permitted, renegotiated with the adoptive parent when an adopted child was removed from the adoptive home. 29

- Finding 12 – Ancillary expenditures incurred by the LDSSs to further support children in social services programs were not adequately controlled. 30

- Finding 13 – SSA did not approve certain adoption assistance rates being paid by LDSSs as required by SSA policy. 31

* Denotes item repeated in full or part from preceding audit report

Interagency Agreements	
* Finding 14 – SSA did not ensure that payments made to a State university for three interagency agreements were adequately supported, were reasonable in relation to the tasks performed, and were made in accordance with the terms of the agreements.	32
Audit Scope, Objectives, and Methodology	35
Agency Response	Appendix

* Denotes item repeated in full or part from preceding audit report

Background Information

Name Change and Agency Responsibilities

Chapter 205, Laws of Maryland 2017, effective July 1, 2017, changed the name of the Department of Human Resources to the Department of Human Services.

The Department of Human Services (DHS) – Social Services Administration (SSA) supervises, directs, and monitors social services programs conducted by the local departments of social services (LDSSs), which are located in each of the State's 24 local subdivisions. These programs are designed to prevent or remedy abuse, neglect, and exploitation of children and families, and include foster care, adoption and guardianship assistance, and child protective services.

Foster Care Program

The foster care program provides alternate settings and supportive services to children who are unable to live at home for various reasons, such as abuse and neglect. Children are assigned foster status as the result of legal action by the applicable courts or through voluntary placement. SSA monitors the program and the LDSSs are responsible for placing these children in the most appropriate setting. According to State regulations, the LDSSs are responsible for placing children, in order of preference, with a relative, in a family foster home, or in a group care setting. Children with serious emotional, behavioral, medical, or psychological conditions may be placed in treatment foster care. The goal of the foster care program is to secure a permanent living arrangement (such as reunification, adoption, or guardianship) for these children.

Adoption and Guardianship Assistance Programs

SSA provides financial assistance for individuals who adopt or become the legal guardians of foster children. Adoptive parents are given all the legal rights and responsibilities that once belonged to the biological parents, while guardians have the full legal responsibility for the applicable child without terminating the parental rights of the child's biological parents.

Child Protective Services Program (CPS)

CPS is a social service provided by SSA to assist children believed to be neglected or abused by parents or other adults having permanent or temporary care or custody, or parental responsibility. The program also offers services to household or family members who may require intervention to decrease the risk of any continuing harm to children.

Children's Electronic Social Services Information Exchange

SSA and the LDSSs use a computerized child welfare information system, the Children's Electronic Social Services Information Exchange (CHESSIE), as a statewide child welfare, foster care, and adoption case management tool.

CHESSIE is also used to process transactions, such as payments made on behalf of children under SSA's supervision and is the official record of all social services program activity.

According to SSA's records, during fiscal year 2016, CHESSIE was used to process transactions totaling approximately \$270.2 million (see table below). SSA processes expenditures to foster care providers, adoptive parents, and guardians monthly based on rates established in State regulations or through a negotiation process. These maintenance expenditures are to cover the costs for basic physical care, food, clothing, and shelter for the children. In addition to these maintenance expenditures, SSA provides the LDSSs with funds to purchase goods and services to support a family's service plan when no other resource is available. For example, these ancillary funds may be used for special educational services, psychological treatment, vocational training, transportation costs, personal care supplies, day care services, furniture, appliances, and automobile operating and maintenance costs.

Fiscal Year 2016 Expenditures Processed via CHESSIE			
Category	Number of Children During Year	Number of Providers / Parents	Expenditures (In Millions)
Treatment Foster Care	2,249	33	\$ 71.1
Group Foster Care	1,368	63	64.1
Adoption Assistance	7,092	4,785	63.0
Guardianship Assistance	3,057	2,168	25.6
Family Foster Care	2,648	1,490	12.5
Teen Mother Foster Care	101	8	4.1
Other Foster Care	636	453	2.3
Subtotal (Maintenance)	17,151	9,000	\$ 242.7
Ancillary			27.5
Total Expenditures			\$ 270.2

Source: SSA records.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the three findings contained in our preceding audit report dated August 7, 2014. We determined that SSA satisfactorily addressed one of these findings. The remaining two findings were repeated in this report.

Findings and Recommendations

Quality Assurance Program

Finding 1

The Social Services Administration (SSA) did not have comprehensive quality assurance processes in place to adequately monitor the administration of child welfare program services by the State's local departments of social services (LDSSs).

Analysis

SSA did not have comprehensive quality assurance processes in place to ensure that child welfare programs for which SSA is responsible, such as foster care, adoption, guardianship, and child protective services, were being effectively administered by the State's LDSSs. The LDSSs are responsible for providing and overseeing specific program services and functions as dictated by State law and regulations with policy direction from SSA, and SSA is responsible for ensuring that the LDSSs perform their responsibilities in accordance with those laws, regulations, and policies.

Critical program functions performed by the LDSSs include, for example, approving foster care providers; placing children with appropriate providers; ensuring that children continuously receive necessary services, such as medical and dental care; performing monthly visitations with children under care; verifying provider compliance with regulatory requirements; and reviewing, assessing, and investigating child abuse allegations. Without effective and comprehensive quality assurance processes, SSA cannot be assured that all required program services and functions were being effectively and properly carried out by the LDSSs.

The findings in this report detail specific instances, most relating to the aforementioned programs, in which SSA lacked procedures for ensuring that critical program services and functions had been conducted by the LDSSs, as required. These findings also indicate certain recordkeeping deficiencies, including a lack of critical documentation maintained by SSA and the LDSSs for specific program cases we reviewed.

Comprehensive quality assurance processes would include (1) the implementation of effective monitoring procedures of specific program activities, including those further detailed in this report, as well as (2) the implementation and oversight of quality assurance reviews of cases conducted at each LDSS. For example, the Department of Human Services (DHS) Family Investment Administration (FIA)

has a quality assurance case review process which requires that supervisory personnel at each LDSS perform quality assurance reviews of a specified number of case files for adherence to FIA policies and for the accuracy and propriety of related payments. The process is also subject to FIA administrative oversight.

Recommendation 1

We recommend that SSA establish comprehensive quality assurance processes to ensure its child welfare programs are effectively and properly administered by the LDSSs. Specifically, we recommend that SSA develop, implement, and oversee

- a. comprehensive written procedures for monitoring program services and functions to ensure compliance with applicable laws, regulations, and policies; appropriate and timely recordkeeping; and the maintenance of supporting documentation relating to services and functions performed; and**
- b. a quality assurance case review process at each LDSS.**

Monitoring Compliance With Foster Care Requirements

Finding 2

SSA had not established procedures to monitor the LDSSs to ensure that foster children were placed in the least restrictive environment and received required services. Further, reports from the Children's Electronic Social Services Information Exchange (CHESSIE) did not accurately reflect services provided to children in foster care, which hampered the ability of SSA to monitor service delivery.

Analysis

SSA had not established procedures to monitor the LDSSs to ensure there was documentation supporting that foster children were placed in the least restrictive environment (with a relative) and received required services. SSA could not provide documentation supporting compliance with foster care requirements for numerous cases we reviewed. Furthermore, CHESSIE did not accurately reflect the status of compliance with these requirements.

SSA routinely provided a report to each LDSS generated from CHESSIE that identified all of the services provided to each child in foster care based on data recorded into CHESSIE by the LDSSs. For example, according to the January 3, 2017 report, 2,280 or 78 percent of the 2,903 children that had been in foster care for at least the past 13 months had not had a medical exam within the past year. However, SSA did not use this report to monitor the LDSSs' performance to

ensure required services were provided or noncompliance was addressed. Furthermore, based on our tests, we found that this report could not be relied upon to accurately reflect services provided to children as the LDSSs did not always properly record this information in CHESSIE, as noted below.

We reviewed records related to 57 children for which payments totaling \$2.3 million were made during fiscal year 2016. The records reviewed were judgmentally selected from payment reports to ensure coverage of children residing in both family foster homes and group care settings that received significant payments and included children monitored by 10 different LDSSs. For each child, we tested compliance with the requirements noted in the table below, when the requirement was applicable to the child. In total, 251 separate requirements were tested. Through a separate test, we determined that the LDSSs were conducting required monthly face-to-face meetings with these 57 children.

In total, our test disclosed discrepancies related to approximately 40 percent of the separate requirements tested. Specifically, we noted 104 discrepancies related to these 251 separate requirements (that is documentation could not be provided or the recordation of the requirement was inaccurate in CHESSIE). At least one discrepancy was noted for 50 of the 57 children tested, and the discrepancies were noted in 9 of the 10 LDSSs tested. In 78 instances (31 percent), documentation of compliance with the requirement tested could not be provided even though, in 37 of these instances, CHESSIE reflected that the requirements had been met. Our tests also disclosed 26 instances in which CHESSIE did not reflect that the requirement had been met even though documentation was provided.

Results of our Test of Foster Care Requirements				
Foster Care Requirements	Tested	Documentation Not Provided	Documentation Provided – Not Recorded in CHESSIE	Total
Legal Basis for Child Entering Foster Care	57	9	0	9
Effort to Place with Relatives	57	35	0	35
Medical Exam since Child Entered Foster Care	57	12	10	22
Dental Exam since Child Entered Foster Care	53	14	10	24
Attended School During Fiscal Year 2016	27	8	6	14
Total	251	78	26	104

Placement of Children

SSA was unable to provide the legal documents, such as a court order, associated with the initial placement for 9 of the 57 children tested. These documents are the legal basis for placement of a child in foster care. State regulations require that the court order be maintained in the child's case record.

Additionally, SSA was unable to provide documentation that the LDSSs attempted to place the child in the least restrictive environment for 35 of the 57 children placed in their care. State law requires the LDSS to exhaust all resources to locate a relative for initial placement. Furthermore, according to State regulations, the LDSSs are responsible for placing children, in order of preference, with a relative, in a family foster home, or in a group care setting.

Services Provided to Children

SSA was unable to provide documentation that a medical exam was performed for 12 children since they entered foster care, which ranged from 20 months to 17 years. In addition, the accuracy of medical exam information recorded was questionable as the LDSSs recorded that a medical exam was performed for 10 of these 12 children. Furthermore, the LDSSs did not record that a medical exam was performed for 10 additional children in which SSA was able to provide documentation of the exams. State regulations require a comprehensive health assessment within 60 days of entering foster care, and subsequently, at a minimum, an annual medical exam as required by the Early Periodic Screening, Diagnosis and Treatment Program.

SSA was unable to provide documentation for 14 of the 53 children tested who were over two years old, that a dental exam was performed since the child entered foster care, which ranged from 20 months to 17 years. In addition, the accuracy of dental exam information recorded was questionable as the LDSSs recorded that a dental exam was performed for 13 of these 14 children. Furthermore, the LDSSs did not record that a dental exam was performed for 10 additional children in which SSA was able to provide documentation. State regulations require these children to obtain a dental exam every six months.

SSA was unable to provide documentation that 8 of the 27 children ranging from 5 to 17 years of age attended school during fiscal year 2016. In addition, the accuracy of information recorded was questionable as the LDSSs recorded that 5 of these children attended school during fiscal year 2016. Furthermore, the LDSSs did not record that the child was in school for 6 additional children (of the 27 tested) in which SSA was able to provide documentation that the child attended school. State regulations require the LDSSs to ensure that children of school age are attending school.

Subsequent to the completion of our field work, and almost one year after our initial inquiries, SSA was able to provide us with certain additional documentation that reduced the total number of discrepancies from 104 to 88. For example, SSA provided us with the court orders associated with the initial placement of the 9 children previously commented upon.

Recommendation 2

We recommend that SSA establish procedures to monitor the LDSSs to ensure compliance with foster care requirements. Specifically, we recommend that SSA

- a. ensure that the applicable legal documentation is included in each foster child's case record;**
- b. ensure that the LDSSs place children in the least restrictive environment and document attempts to place the child with a relative;**
- c. ensure compliance with medical, dental, and education requirements by reviewing applicable documentation; and**
- d. ensure that all required activity is accurately reflected in CHESSIE so that CHESSIE can be effectively used as a tool to monitor case management activity.**

Monitoring of Foster Care, Adoption, and Guardianship Assistance

Finding 3

SSA did not establish procedures to ensure that the LDSSs complied with State regulations regarding the initial approval of foster care providers, as well as ongoing monitoring requirements for foster care providers, adoptive parents, and guardians.

Analysis

SSA did not establish procedures to ensure the LDSSs appropriately approved and monitored family foster care providers, and verified the continued eligibility of family foster care providers, adoptive parents, and guardians, in accordance with State regulations. Our tests disclosed many cases for which the LDSSs' performance of required provider approval and monitoring procedures was not documented and recorded in CHESSIE, thus restricting SSA's ability to effectively monitor these aspects of the foster care, adoption, and guardianship programs.

Approval of Family Foster Care Providers

SSA had not established procedures to ensure that the LDSSs had evaluated and approved new foster care providers in accordance with State regulations. Specifically, SSA did not periodically identify all new providers added to CHESSIE by the LDSSs and examine source documentation to confirm that all requirements had been met. SSA policy requires this documentation to be scanned into CHESSIE, which would facilitate SSA's review, but no reviews were being performed and our tests disclosed that much of this documentation was not in CHESSIE. Consequently, SSA could not effectively monitor the LDSSs' evaluation and approval of family foster care providers.

State regulations require, for example, that provider applicants submit documentation to the appropriate LDSS to support that the applicant has attended 27 hours of pre-service training, that the provider applicant and all family members have undergone medical evaluations and submitted to criminal background checks, that the family is financially stable, and that the home has met fire safety requirements. These requirements are part of the LDSSs' evaluations and approval of the providers' applications.

We reviewed the records in CHESSIE for 10 family foster care providers that were approved by the LDSSs during our audit period. These providers were judgmentally selected based on having received significant payments (totaling \$317,000) during fiscal year 2016. Our review disclosed that many of the required documents were not included in CHESSIE. For example, documentation supporting criminal background checks for all adults in the home were not scanned into CHESSIE for 5 providers, and the provider applications and proof of initial provider training were not scanned into CHESSIE for 7 providers. After our inquiries, SSA requested and obtained copies of the aforementioned documents directly from the LDSSs. The absence of these documents in CHESSIE does not mean that the LDSSs did not review the documents and appropriately evaluate the applications; nevertheless, absent those documents, SSA cannot effectively monitor the LDSSs' compliance with processes designed to ensure family providers have met all requirements before being approved.

Monitoring of Family Foster Care Providers

SSA had not established procedures to ensure the LDSSs were monitoring family foster care providers in accordance with State regulations. Specifically, SSA did not ensure that the LDSSs conducted quarterly face-to-face visits with family foster care providers, and that these providers received annual training as required by State regulations. Furthermore, we noted that the LDSSs did not always document these activities in CHESSIE, thereby restricting SSA's ability to

effectively monitor the LDSSs and ensure family providers continued to meet all requirements.

State regulations require the LDSSs to have quarterly face-to-face visits with each provider to obtain information about the child's progress, care needs, medical status, and educational needs. The regulations also require that providers obtain a minimum of 10 hours of additional training every year.

We reviewed the records associated with 20 judgmentally selected family foster care providers that had received significant payments (totaling \$528,000) during fiscal year 2016. Our review disclosed that the LDSSs had not recorded documentation in CHESSIE for any face-to-face visits with 14 providers during the year. In addition, there was no documentation that the required training had been obtained by 12 of the 20 providers during fiscal year 2016, including 7 for which there was no training recorded for previous years dating back to 2007. After our inquiries, SSA obtained documentation from the LDSSs that 10 of the 12 providers had received training for fiscal year 2016.

Although visits with family foster care providers were documented in some cases, SSA advised us that caseworkers at the LDSSs are not required to document provider visits in CHESSIE because the caseworkers usually visit the providers during monthly visits with the children which are documented in a narrative in the child's case record in CHESSIE. However, when we asked, SSA was only able to provide us with documentation of provider visits from the child's case records related to 5 of the 14 children. The lack of recording in CHESSIE by the LDSSs of documentation that these requirements have been met significantly restricts SSA's ability to monitor compliance with these requirements.

Continued Eligibility for Family Foster Care, Adoption, and Guardianship Assistance

SSA had not established procedures to ensure the LDSSs verified, through required annual redeterminations, the continued eligibility of providers, adoptive parents, and guardians. State regulations require the LDSSs to conduct an annual redetermination of each foster care provider to determine the provider's continuing compliance with State laws and regulations. For example, the annual redetermination is used to provide assurance that the child continues to have adequate sleeping arrangements and is receiving required medical examinations, and that the home continues to comply with fire codes. Similarly, the regulations require the LDSSs to perform an annual redetermination for each child to confirm that adoptive parents or guardians remain eligible for financial assistance and that the current amount of assistance is appropriate.

During fiscal year 2016, the LDSSs did not record in CHESSIE an annual redetermination of family foster care provider eligibility for 7 of the aforementioned 20 providers we reviewed. As of the date of our review in November 2016, it had been 17 to 28 months since a redetermination had been recorded in CHESSIE for these 7 providers. After our inquiries, SSA obtained documentation from the LDSSs of redeterminations for 3 of the 7 providers; however, these redeterminations were conducted after our inquiries. In addition, we reviewed the records associated with 30 children in the adoption or guardianship assistance programs. Our review disclosed that SSA could not provide documentation supporting the completion of a redetermination for 7 of these children even though the applicable LDSSs had recorded in CHESSIE that the annual redeterminations were completed. As of November 2016, these children had been in these programs for periods ranging from 17 months to almost 15 years.

Recommendation 3

We recommend that SSA

- a. establish monitoring procedures, including a review of documentation, to ensure that the LDSSs approve and monitor family foster care providers in accordance with State regulations;**
- b. establish monitoring procedures to ensure the LDSSs conduct required redeterminations of the continued eligibility of family foster care providers, adoptive parents, and guardians in accordance with State regulations; and**
- c. ensure that the LDSSs correctly record/scan all necessary documentation in CHESSIE relating to the approval, monitoring, and continued eligibility of family foster care providers, adoptive parents, and guardians, including documentation of quarterly meetings with family foster care providers.**

Finding 4

SSA had not established procedures to ensure that children who remained in the foster care, adoption, or guardianship programs after they reached the age of 18 were eligible to do so and, for certain cases we reviewed, there was a lack of documentation supporting continued eligibility.

Analysis

SSA had not established procedures to ensure that only eligible children remained in the State's foster care, adoption, and guardianship programs after they reached 18 years of age. Our tests of several such cases disclosed that adequate documentation was not always on file to support continued program eligibility.

State regulations allow children over the age of 18 to remain in these programs until they turn 21 if they are in school, are employed for at least 80 hours a month, or are incapable of attending school or working because of a medical condition. According to SSA's records during fiscal year 2016, SSA made foster care payments totaling \$24.9 million for 634 children over the age of 18, and adoption and guardianship payments totaling \$11.5 million for 1,899 children over the age of 18. (These payments exclude Baltimore City, which is essentially exempt from this requirement.¹)

Our review of records associated with 14 children in foster care who were between the ages of 18 and 21 during fiscal year 2016 disclosed that SSA could not provide documentation that the required eligibility criteria had been met for 9 of these children, including 5 for which the applicable LDSS recorded in CHESSIE that the child had met one of the criteria to remain in foster care. Foster care maintenance payments totaled \$167,608 for these 9 children during fiscal year 2016. Similarly, our review of records for 15 children in the adoption or guardianship assistance programs, who were between 18 and 21 years of age during fiscal year 2016, revealed a lack of documentation supporting continued eligibility for 5 of the 15 children. According to SSA's records, during fiscal year 2016, SSA made payments totaling \$63,405 for these 5 children.

After our audit fieldwork had concluded, SSA provided us with court orders that documented the court's recognition of the foster care status for 7 of the aforementioned 9 foster care children. For example, the court may have ordered periodic monitoring of the child's situation and, therefore, had effectively authorized the child's continued placement in foster care beyond the age of 18, regardless of whether the stated eligibility criteria had been met. This situation does not mitigate the need for SSA to establish monitoring procedures to ensure that children between the ages of 18 and 21 who remain in one of these programs meet those criteria. Rather, such monitoring procedures should include a provision for identifying cases where the eligibility criteria have not been met, and for determining the appropriateness of the child remaining in the applicable program, such as because of a court order.

Recommendation 4

We recommend that SSA

- a. establish procedures to ensure that the LDSSs verify that children 18 years of age or older who remain in the foster care, adoption, or guardianship programs are eligible to remain in the applicable program,**

¹ A consent decree from the United States District Court for Maryland from October 2009 effectively allows children from Baltimore City to remain in foster care until the age of 21 without meeting these conditions. Our test work in this area excluded children in Baltimore City.

- and such eligibility is accurately recorded in CHESSIE and documented;
and**
- b. document implementation of these procedures, including the resolution of cases for which the eligibility criteria stipulated in State regulations have not been met.**

Federal Funds

Background

SSA is eligible to receive federal reimbursement for 50 percent of the cost of care (such as maintenance costs for food, clothing, and shelter) incurred on behalf of children eligible under Title IV-E of the Social Security Act. State regulations require SSA to determine eligibility for federal fund reimbursement under Title IV-E for each child upon removal from the home, and to complete a redetermination every year thereafter.

Each LDSS has a separate unit that is responsible for determining eligibility for Title IV-E federal reimbursement. These LDSS employees obtain documentation, such as to verify family income, and complete a worksheet to determine each child's eligibility. SSA regional supervisors, who work primarily on Title IV-E cases at the LDSSs, are responsible for reviewing and approving each worksheet and for ensuring the eligibility status has been correctly determined and recorded in CHESSIE so that Title IV-E federal reimbursement may be requested.

SSA also receives Supplemental Security Income (SSI) on behalf of eligible children in its care. The LDSSs apply for these SSI benefits and become the representative payees. State regulations require SSI to be applied directly to the cost of care. When children are eligible for both SSI and Title IV-E, it is SSA's responsibility, in conjunction with the LDSS, to ensure the maximum amount of federal funds is obtained as allowed under federal guidelines.

According to the State's records, during fiscal year 2016, SSA received federal reimbursements for Title IV-E totaling \$84 million. According to a report provided by SSA (which could not be readily validated), SSI collections during fiscal year 2016 totaled approximately \$2.6 million.

Finding 5

SSA did not have adequate procedures to ensure that it received federal reimbursement for all children eligible for Title IV-E funding. Our tests disclosed instances in which children were incorrectly determined to be ineligible, resulting in a potential loss of federal funds totaling approximately \$1 million.

Analysis

SSA did not have adequate procedures to ensure that it received federal reimbursement for all children in foster care or in the adoption and guardianship assistance programs that were eligible for Title IV-E funding. Our test of 36 children for which Title IV-E funding was not being received disclosed problems with the eligibility determinations or the related documentation for 29 children, including 18 children who either were incorrectly determined to be ineligible for the funding or were incorrectly recorded as ineligible in CHESSIE. For these 18 children, there was a potential loss of federal funds totaling approximately \$1 million. We reviewed records with SSA personnel who confirmed that certain children tested were incorrectly determined as ineligible for Title IV-E, as noted below.

While SSA conducts, on a test basis, a secondary review of Title IV-E eligibility determinations and redeterminations made by the LDSSs, this procedure did not ensure the State was maximizing Title IV-E federal fund reimbursements. These reviews only addressed children deemed eligible for Title IV-E funding, and excluded children for whom SSA was not receiving Title IV-E reimbursement. Given the results of our tests and the number of children deemed ineligible for Title IV-E (for example, approximately 7,000 children as of January 2017 based on SSA records), a comprehensive review of the eligibility decisions for such cases appears warranted.

Initial Eligibility Determinations

We judgmentally selected for testing 25 children who entered foster care (both family and group homes) or the adoption and guardianship assistance programs during our audit period, had significant payments made on their behalf during fiscal year 2016, and were recorded in CHESSIE as ineligible for Title IV-E. Payments associated with these children totaled \$1.6 million during fiscal year 2016. We requested documentation for the initial determinations performed when these children entered the aforementioned social service programs. Overall, our test disclosed problems with the eligibility determinations and related documentation for 18 of these 25 children, including 9 who either were incorrectly determined to be ineligible for the funding or were incorrectly

recorded as ineligible in CHESSIE and for which Title IV-E funding could have been requested.

Specifically, our test disclosed that SSA could not provide eligibility determination worksheets for 8 of the 25 children. In addition, worksheets for 4 children were not signed to indicate supervisory review and approval, and worksheets for 2 children were not signed by the LDSS employees who prepared them. For 8 of these 14 children, we determined that the child was improperly classified as ineligible for Title-IV-E reimbursement. Specifically, after bringing the results of our test to SSA's attention, SSA obtained additional documentation to support that these children were, in fact, eligible for Title IV-E reimbursement. In addition, for a ninth child the worksheet indicated the child was eligible for Title IV-E reimbursement; however, the child was recorded as ineligible in CHESSIE.

As a result, SSA had not requested reimbursements totaling approximately \$308,000 for these 9 children for the period between February 2013 (earliest month during which any of these children were eligible for reimbursement) and February 2017 and will be unable to recover \$73,000 of this amount because the requests were not made within two years of the expenditure, as required by federal law. SSA subsequently changed the designation in CHESSIE for 4 of these children in order to obtain federal reimbursement, and agreed to pursue federal reimbursement to the extent possible for the remaining 5 children.

Finally, SSA could not provide documentation, such as proof of family income, to support the information reported on the worksheets for 4 other children. Family income was a primary factor as to why these children were determined ineligible for Title IV-E funding. Therefore, it is questionable whether these children were correctly determined as ineligible for Title IV-E.

Redeterminations

We tested records associated with 11 children in foster care as of June 30, 2016 for which the children were determined to be eligible for Title IV-E, but for which SSA was not receiving federal reimbursement generally because the service providers had not been approved and thus the services were not eligible for reimbursement. Payments associated with these children totaled approximately \$914,000 during fiscal year 2016. We requested documentation for the most recent redeterminations performed for these children during calendar year 2016. Overall, our test disclosed problems with the eligibility redeterminations or related documentation for all 11 of these children, including 9 for which the services were, in fact, eligible for Title IV-E funding.

Specifically, our test disclosed that SSA could not provide the eligibility redetermination worksheets for 10 of the 11 children. For 8 of these children, and for the remaining child for which the eligibility redetermination had been performed, we determined that the services provided to the children were improperly classified as ineligible for reimbursement. Specifically, after bringing the results of our test to SSA's attention, SSA obtained additional documentation to support that these 9 children were currently with approved providers and, therefore, Title IV-E reimbursements could have been obtained for them. As a result, SSA had not requested reimbursements totaling approximately \$690,000 for the period between December 2010 and February 2017 and will be unable to recover \$186,000 of this amount because of the aforementioned two-year federal request requirement. SSA subsequently changed the designation in CHESSE for six of these children in order to obtain federal reimbursement, and agreed to pursue federal reimbursement to the extent possible for the remaining three children.

Recommendation 5

We recommend that SSA establish procedures to ensure federal reimbursement is obtained for all children eligible for Title IV-E funding. Specifically, we recommend that SSA

- a. ensure that Title IV-E eligibility is properly determined for all children and recorded in CHESSE;**
- b. ensure that determination and redetermination worksheets are completed for all children, are signed by the preparer and reviewed and approved by a supervisor, and include all supporting documentation;**
- c. review all children who are currently determined to be ineligible, including the aforementioned cases, and obtain Title IV-E funds when possible; and**
- d. include children classified as ineligible for Title IV-E federal reimbursement in its secondary review procedures.**

Finding 6

SSA did not maximize the recovery of federal funds for children who were eligible to receive SSI.

Analysis

SSA did not maximize the recovery of federal funds for children who were eligible to receive SSI. We reviewed records associated with 14 children who received foster care services during our audit period and were eligible for SSI. These children were identified primarily during our testing of foster care initial determinations and redeterminations (Finding 5). As of January 2017, 12 of these

children were recorded in CHESSIE as ineligible for Title IV-E reimbursement and 2 children were recorded as eligible for Title IV-E. Foster care maintenance payments associated with these 14 children totaled approximately \$1 million during fiscal year 2016.

We determined that SSA did not maximize its recovery of federal funds for 9 children tested. Specifically, SSI recoveries for 5 of these children were not maximized which, in total, resulted in losses of \$56,000. For the 4 other children, SSI funds were not received, but neither were Title IV-E funds, which in these cases would have resulted in higher recoveries (as commented upon in Finding 5).

With respect to the 12 children who were recorded as ineligible for Title IV-E funding, our test disclosed that SSA did not maximize the recovery of federal funds for 8 children. Specifically, for 3 children SSA had not collected SSI since these children entered foster care, dating back to 2014. In total, \$42,000 was not collected as of February 2017. For 4 children, our audit determined that, in fact, these children were eligible for Title IV-E reimbursement which, if requested, would have exceeded the monthly SSI amounts available of approximately \$721 per child. Finally, for the eighth child, SSA did not collect SSI until 21 months past the date the child entered foster care, which resulted in a loss of \$9,000.

With respect to the 2 children who were recorded as eligible for Title IV-E funding, our test disclosed SSA did not maximize the recovery of funds for one of the children. The applicable LDSS prepared an analysis, dated August 2015, indicating monthly SSI (\$733) exceeded the available Title IV-E funding (\$433) and, therefore, only the SSI should have been collected. However, SSA requested Title IV-E funding instead of collecting SSI, resulting in a loss of federal funds totaling approximately \$5,100 for services provided during the period September 2015 through January 2017. After we brought this to its attention, SSA agreed to obtain SSI on behalf of this child. SSA maximized the recovery of federal funds for the other child, even though the LDSS did not prepare an analysis to support the reimbursements requested.

We commented on SSA's failure to maximize the recovery of federal funds for children receiving SSI in our preceding audit report.

Recommendation 6

We recommend that SSA maximize the recovery of federal funds for children who are eligible for SSI (repeat). Specifically, we recommend that SSA

- a. ensure SSI is promptly collected to cover the cost of foster care for children who are only eligible for SSI;**

- b. review all SSI eligible cases and ensure federal recoveries are maximized; and
- c. for children eligible for both funding sources, prepare, document, and implement a process to maximize federal funding for the cost of foster care.

Child Protective Services

Background

SSA's Child Protective Services unit provides services to assist children believed to be neglected or abused by parents or other adults with parental responsibilities. Allegations of child abuse or neglect are reported to the LDSSs, which are responsible for conducting reviews and investigations. The LDSSs are required to record allegations received and the steps taken to review and investigate each allegation in CHESSIE. It is SSA's responsibility to ensure these reviews and investigations are properly performed.

This unit is also responsible for ensuring that LDSSs conduct required safety and family risk assessments for newborns exposed to controlled substances, and when subsequent children are born to individuals who had previously had their parental rights terminated by court order for abuse or neglect. The assessments are performed to assess risk and to identify resources and necessary services to be provided.

Finding 7

SSA did not monitor the timeliness of child abuse and neglect investigations conducted by the LDSSs. In addition, reviews and investigations of allegations were not always performed timely.

Analysis

SSA had not established oversight procedures to ensure that the LDSSs conducted reviews and investigations of allegations of child abuse or neglect within the time frames established by SSA policy and State law. Our review disclosed that the LDSSs did not always timely review and investigate these allegations. Delays in reviewing allegations, as well as initiating and completing related investigations, could result in children remaining in harmful environments.

SSA did not review available CHESSIE reports to monitor the timeliness of the required actions to be taken by the LDSSs. According to reports generated from CHESSIE, 976 of the 3,498 investigations (28 percent) completed during the period from May through July 2016 were not completed within 60 days from

receipt of the allegations, as required by State law. For 265 of these 976 investigations, CHESSIE reports indicated that the investigations concluded that the abuse or neglect had occurred. Furthermore, as of August 2016, there were 332 allegations that had been under investigation for 60 days or more, of which 23 had been open for more than one year. These 23 allegations were associated with 12 different LDSSs.

Our review of allegations of child abuse or neglect that were received during July 2016 disclosed delays in the review of allegations, and in the initiation and completion of investigations.

Allegations

LDSS supervisors did not always review allegations and make determinations as to whether investigations were warranted within two hours from the time of receipt, as required by SSA policy. According to available CHESSIE reports, investigations were deemed warranted for 1,176 of the 3,048 allegations received during July 2016. Of these 1,176 allegations, there were 208 allegations for which LDSS supervisors did not determine if an investigation was warranted for at least 2 days, including 40 for which a determination was not made for periods of 6 to 16 days after receipt.

Investigations

In certain circumstances, the LDSSs did not initiate investigations timely, as required by State law. State law requires the LDSS to initiate an investigation, such as by visiting the child, within 24 hours of receiving an allegation of abuse and within five days of receiving an allegation of neglect. We tested 16 of the aforementioned 40 allegations for which the initial determination of whether an investigation was warranted had not been performed timely. Our review disclosed that, in some cases, investigations were started before the applicable determinations were made. However, for 3 allegations of abuse, the LDSS did not initiate its investigation timely, as these investigations began 4, 13, and 16 days after these allegations were received. In addition, for one allegation of neglect, the investigation was initiated 8 days after receipt.

The LDSSs did not complete certain investigations in a timely manner, as required by State law. For the aforementioned 16 investigations, our test disclosed that 7 were completed between 64 and 81 days after receipt of the allegations. In 2 of these 7 cases, the investigations concluded that abuse or neglect had occurred. State law requires investigations of abuse and neglect to be completed within 10 days to the extent possible, but no later than 60 days after receipt of the allegation.

Recommendation 7

We recommend that SSA establish oversight procedures to ensure that the LDSSs review allegations of child abuse or neglect and conduct and complete related investigations in a timely manner, as required by SSA policy and State law.

Finding 8

SSA did not monitor the timeliness of required assessments of substance-exposed newborns completed by the LDSSs. In addition, these assessments were not always completed within the required time frames.

Analysis

SSA did not establish oversight procedures to ensure that the LDSSs completed and approved required safety and risk assessments of controlled substance-exposed newborns in a timely manner, and our test disclosed that the LDSSs did not always complete the assessments within the required periods. While SSA distributed a report to assist the LDSSs in monitoring these processes, the report was incomplete and inaccurate, and SSA did not actively use the report or any other means to oversee LDSS compliance. According to SSA records, during fiscal year 2016 there were 1,959 controlled substance-exposed newborn notifications made to the LDSSs.

State regulations require health care practitioners involved in the delivery or care of a substance-exposed newborn to notify the applicable LDSS verbally as soon as possible, and in writing within 48 hours. State regulations also require the LDSS to examine the infant and consult with the health care practitioner within 48 hours of this notification to assess the safety of, and risk of harm to, the newborn. SSA policy requires the LDSSs to complete a formal safety assessment and a family risk assessment within 7 and 30 days of the health care practitioner's notification, respectively. These assessments are prepared by a case worker and approved by a supervisor. The safety assessment allows for a uniform documentation of factors that may indicate an immediate danger to a child while the family risk assessment is used to determine any present or future risk of harm for all children within the family.

We reviewed the records in CHESSIE associated with 10 judgmentally selected substance-exposed infants born during fiscal year 2016, and we noted that the LDSSs did not always complete the assessments within the required time frames. Because the health care practitioner notification dates were not always recorded in CHESSIE, we performed our testing based on the dates of the LDSSs' initial examinations which, for these 10 infants, generally occurred within 48 hours from

the dates of birth. Our test disclosed that, in all 10 cases, although the safety assessments were prepared within 7 days of the initial examinations of the newborns, in 4 of 10 cases, these assessments were not approved until 15 to 31 days after the initial examinations. In addition, the LDSSs did not prepare 3 family risk assessments until 44 to 144 days after the initial examinations of the newborns and, in these 3 cases, the LDSSs concluded that the overall family risk was moderate. Finally, for one of the test items, the family risk assessment had still not been prepared at the time of our test, which was 20 months after the date of the initial examination.

SSA prepares a report from CHESSIE and provides it to the LDSSs, on a weekly basis, for their use in monitoring assessments associated with substance-exposed newborns. While the report included case identification information, it did not include certain critical information that would be useful in monitoring compliance, such as the child's name and date of birth, and the date the LDSSs were notified by the health care practitioner of the substance-exposed newborn. Our aforementioned test also disclosed some critical inaccuracies with this report. For example, the safety assessment dates were either missing or incorrect for all 10 of our test items. We determined the correct dates from other sources.

Recommendation 8

We recommend that SSA

- a. establish oversight procedures to ensure that LDSSs complete required safety and risk assessments of substance-exposed newborns within the time frames required by State regulations and SSA policy, and**
- b. enhance the accuracy and completeness of the aforementioned CHESSIE report to ensure it can be reliably used to monitor compliance with these requirements.**

Finding 9

SSA lacked adequate controls to ensure the LDSSs were immediately notified of children born to individuals who had previously had their parental rights terminated for abuse or neglect. In addition, SSA did not ensure that the LDSSs completed an assessment of these families and offered services when appropriate.

Analysis

SSA lacked adequate procedures to ensure that it immediately notified the appropriate LDSSs of children born to individuals who had previously had their parental rights terminated by court order for abuse or neglect. In addition, SSA did not ensure that the LDSSs completed an assessment of these families and

offered services when appropriate. Individuals who have had their parental rights terminated for abuse or neglect no longer have legal rights and responsibilities for the specific child(ren) named in the court order. As required by State law, SSA provides the names of these individuals to the Maryland Department of Health (MDH) which notifies SSA of children subsequently born to these individuals. State law further requires SSA to immediately notify the applicable LDSS so that the LDSS may review its records and, when appropriate, provide an assessment of the family and offer services, if needed. According to SSA's records, for the period from October 2015 through August 2016, there were 89 children born to parents whose parental rights had been terminated by the court for abuse or neglect.

Our test disclosed that SSA did not immediately notify the LDSSs of these births, and the LDSSs did not always initiate the assessments in a timely manner. During February 2016, SSA received birth information from MDH for eight children who were born to individuals who had previously had their parental rights terminated. However, SSA did not notify the applicable LDSS for two of these children until November 2016, after we brought them to its attention. In addition, for three of the remaining six children, the LDSSs determined that assessments were appropriate but did not attempt to initiate contact with the family until May 2016, more than two months after SSA was notified of the child's birth by MDH.

This situation occurred primarily because SSA had not established a supervisory review process to oversee the employee performing these notification and monitoring duties.

Recommendation 9

We recommend that SSA establish adequate procedures and controls, such as a requirement for supervisory review, to ensure that LDSSs are promptly notified of children born to individuals who have previously had their parental rights terminated by the court, and that a family assessment is completed timely if determined to be appropriate by the LDSS.

Foster Care, Adoption, and Guardianship Payments

Finding 10

SSA did not ensure that overpayments made to certain providers of child placement services were identified and resolved in a timely manner.

Analysis

SSA did not ensure that overpayments made to certain providers of child placement services (group homes and child placement agencies) were identified and resolved in a timely manner. SSA's annual contracts with these providers stipulate that they can retain up to 10 percent of payments received from SSA in excess of their actual operating costs to be used for certain allowable purposes, such as future operating expenses and expanding services. Overpayments in excess of the 10 percent threshold are to be refunded to DHS. However, financial reports required from providers were not being reviewed on a timely basis in order to identify any overpayments made. Fiscal year 2016 payments to treatment and group foster care providers totaled \$71.1 million and \$64.1 million, respectively.

DHS' Office of the Inspector General (OIG), on behalf of SSA, reviews providers' financial reports, which are due in December for the prior fiscal year, to identify any overpayments and to determine their proper disposition. We were advised by the OIG that, as of September 2016, there had been no reviews conducted of fiscal year 2015 financial reports, which were due from the providers by December 2015. In addition, our review of documentation obtained from the OIG relating to its review of fiscal year 2014 activity disclosed that the OIG had not completed its review for 69 of the 82 providers it had identified for review. Furthermore, we identified 9 additional providers that received fiscal year 2014 payments in excess of \$100,000 each that were not included in the documentation received from the OIG of reviews to be conducted. Five of the 9 additional providers received more than \$1 million each and, in total, these providers received \$9.6 million in fiscal year 2014.

According to the OIG, providers received overpayments related to fiscal year 2013 activity totaling \$2.1 million, of which approximately \$1.0 million was in excess of the 10 percent threshold. We were further advised that DHS collected \$151,000 of the \$1.0 million, and the remaining \$849,000 has been referred to the Department of Budget and Management's Central Collection Unit. As a result of delays in the review of fiscal year 2014 and 2015 financial reports, SSA was unable to determine the extent of any overpayments made to providers during those years. Although DHS' OIG conducts these reviews on behalf of SSA, it is

ultimately SSA's responsibility to ensure compliance with all provisions of the provider contracts, including the proper disposition of any overpayments.

Recommendation 10

We recommend that SSA, in conjunction with the OIG, ensure that reviews of financial reports from group homes and child placement agencies are completed in a timely manner in order to promptly identify any overpayments and ensure their proper disposition.

Finding 11

SSA had not established procedures to ensure that adoption assistance payments were suspended, terminated, or, as permitted, renegotiated with the adoptive parent when an adopted child was removed from the adoptive home.

Analysis

SSA had not established procedures to ensure that monthly adoption assistance payments to an adoptive parent were suspended, terminated, or, as permitted, renegotiated with the adoptive parent if the adopted child is subsequently moved to an out-of-home placement, such as foster care. Consequently, there was a lack of assurance that improper assistance payments were not being made for a child who had been removed from the adoptive home, resulting in potentially inappropriate duplicative payments being made for the child (both adoption assistance and foster care payments).

State regulations stipulate that adoption assistance payments funded entirely by the State shall be suspended when an adopted child enters an out-of-home placement. The regulations further provide that assistance payments for which the State receives federal (Title IV-E) reimbursement shall be terminated only when the adoptive parent is no longer legally responsible for the child or is no longer providing financial support to the child. Legal responsibility and financial support may or may not continue when a child is moved from an adoptive home to an out-of-home placement. Regardless, SSA advised us that its policy is to not terminate assistance payments when the child is Title IV-E eligible. Instead, the case is referred to DHS' Child Support Administration (CSA) for recovery of child support from the adoptive parent. The regulations also provide for possible renegotiation with the adoptive parent as to the amount of the assistance payment to reflect, for example, continued but less financial support provided by the adoptive parent.

According to SSA's records, during fiscal year 2016, adoption assistance payments totaling \$281,771 were paid for 69 children who had entered foster care. Our test of payments totaling \$104,818 relating to 10 of these children (6 State-funded and 4 Title IV-E eligible) disclosed that SSA did not suspend payments totaling \$65,716 for the 6 State-funded children. Further review of one of the six disclosed that, as of February 2017, adoption assistance payments totaling approximately \$64,000 had been made for the child after the child entered foster care in October 2010. In addition, SSA could not document that it submitted information to CSA for 2 of the 4 Title IV-E eligible children in order to recover child support for the children.

Recommendation 11

We recommend that SSA

- a. establish procedures to ensure compliance with State regulations regarding adoption assistance payments being made for a child who has been moved from the adoptive home to an out-of-home placement; and**
- b. review adoption assistance payments made on behalf of children in out-of-home placement, including for the aforementioned children, and recover any amounts that were inappropriately paid.**

Finding 12

Ancillary expenditures incurred by the LDSSs to further support children in social services programs were not adequately controlled.

Analysis

Ancillary expenditures incurred by the LDSSs for goods and services, such as specialized training, transportation, personal care supplies, and day care required to further support children in social services programs, were not adequately controlled. Specifically, the LDSSs frequently failed to obtain multiple vendor bids for these expenditures as required by State regulations. These expenditures, which, according to SSA records totaled approximately \$27.5 million for fiscal year 2016, were in addition to any other program payments being made for a child, including monthly foster care maintenance payments.

Our review of 15 payments for ancillary expenditures totaling \$295,963, and ranging between \$1,354 and \$53,277, disclosed that the LDSSs that processed the payments did not obtain vendor bids for any of the expenditures other than from the vendor providing the goods or services. State regulations require three bids for such expenditures over \$500. Without obtaining at least three bids, there was a lack of assurance that the best value was received for these payments.

According to SSA's records, ancillary expenditures exceeding \$500 made by all LDSSs during fiscal year 2016 totaled approximately \$21 million.

Recommendation 12

We recommend that SSA ensure adequate control over ancillary expenditures made to support children in social services programs by requiring and verifying LDSS compliance with the aforementioned State regulations.

Finding 13

SSA did not approve certain adoption assistance rates being paid by LDSSs as required by SSA policy.

Analysis

Monthly adoption assistance rates paid by the LDSSs that exceeded the maximum rate allowed by State regulations, which was \$965 at the time our audit, were not always approved by SSA as required by SSA policy. An LDSS may pay a rate higher than the maximum allowed rate for a particular child when, for example, the child requires extra care and supervision because of special physical, emotional, or behavioral needs. However, SSA policy requires approval to pay a rate higher than the maximum allowed rate.

According to SSA's records, during fiscal year 2016, monthly assistance payments of between \$1,000 and \$2,038 were made on behalf of 258 children and totaled approximately \$1.7 million. Our review of records for 29 of the 258 children disclosed that SSA could not provide documentation that it had approved the higher rate for 16 of these children. Total assistance payments made during the year for these 16 children were \$323,870. This conditions occurred, in part, because SSA relied on the LDSSs to request the required approval, rather than proactively identifying instances where the adoption assistance rate being paid was greater than the maximum allowed rate.

Recommendation 13

We recommend that SSA

- a. ensure each LDSS obtains SSA approval, as required, prior to processing adoption assistance rates greater than the current maximum allowed rate; and**
- b. take steps to periodically identify the use of rates greater than the maximum allowed rate to verify that the rates were approved as required.**

Interagency Agreements

Finding 14

SSA did not ensure that payments made to a State university for three interagency agreements were adequately supported, were reasonable in relation to the tasks performed, and were made in accordance with the terms of the agreements.

Analysis

SSA did not adequately monitor payments and services related to three interagency agreements with a State university for various periods from July 2014 through June 2019 with a combined value of \$15.3 million. These agreements required the State university to (1) provide in-person and distance learning opportunities for child welfare professionals; (2) provide assistance with legislative reports, data integrity, evaluation and quality assurance, and project management; and (3) prepare Bachelor of Social Work and Masters of Social Work students for social work practice with families and children within the State's public child welfare services program. The agreements were not specific enough to readily determine if the desired outcomes were achieved. SSA has had agreements of this nature with the State university for many years.

Under the terms of the agreements, payments to the State university were primarily based on the actual time spent and the salary costs of the applicable university personnel. Each agreement identified the specific State university employees who would perform the work and their salaries (including fringe benefits), and the percentage that each employee's time would apply to work under the agreement. According to State records as of February 2017, payments related to these three agreements totaled \$7.4 million.

- SSA did not obtain sufficient documentation to support the labor charges billed under the agreements and to monitor completion of tasks. SSA received invoices with the names of each employee and the tasks worked on during the month. However, timesheets submitted by the State university to support the invoices frequently did not reflect the specific hours worked by each employee and the allocation of hours by task. As a result, SSA could not ensure the propriety of the labor charges billed and could not monitor the State university's efforts relative to the tasks performed. For example, 26 of the 42 timesheets submitted for the three agreements for the pay period ending October 17, 2015 had a "D" (duty day) designation recorded to signify that the employee worked on a specific day, but did not specify the actual hours worked. SSA was charged for the percentage of the employee's time as specified in the agreement.

- SSA did not compare labor charges billed with the State university's payroll records to ensure that payments for hours worked and fringe benefits were accurate. SSA also did not ensure labor charges agreed to the amounts specified in the agreements. Our review of fiscal year 2016 invoices disclosed instances in all three agreements in which the amounts paid for certain employees exceeded the agreed-upon amounts. Specifically, for 13 individuals, payments exceeded the agreed-upon amounts by \$69,000.
- SSA paid the State university for work performed by employees who were not included in the agreements. Our review of fiscal year 2016 invoices disclosed that SSA paid labor charges, totaling \$253,000, for 27 individuals who were not included in the agreements. SSA advised us that it received verbal notice from the State university for all personnel changes. However, SSA could not provide documentation that it approved in advance the use of these employees to perform work related to the agreements, and there was no provision in the agreements addressing the process for personnel changes or additions.
- Under one agreement, SSA paid \$468,000 to the State university for work performed by subcontractors, which were three other State universities. While the use of these subcontractors was provided for in the agreement, SSA did not review documentation provided by the State university, such as subcontractor billings, to ensure that the documentation was complete and supported the payments. Furthermore, the agreement did not specify the work to be performed by the subcontractors or identify the employees to perform the work. Rather the agreement only stated that these subcontractors were to provide employees to "address specific needs within Maryland's child welfare workforce." The work performed by these other universities related to the agreement to prepare Bachelor of Social Work and Masters of Social Work students for social work practice with families and children within the State's public child welfare services program.

Conditions regarding the failure to obtain sufficient documentation to support labor hours billed under these agreements have been commented upon in our three preceding audit reports. Interagency agreements are used by State agencies to obtain services from State institutions of higher education (State universities). Interagency agreements are exempt from State procurement laws, including the requirements for competitive procurement, publication of solicitations and awards, and Board of Public Works' approval.

Recommendation 14

We recommend that SSA

- a. obtain and review detailed time records (timesheets), including hours worked by each employee by task, to support the propriety of labor charges billed, and to monitor the State university's efforts to complete the tasks (repeat);**
- b. compare the State university's payroll records (payroll register) to labor charges billed to ensure amounts billed are accurate (repeat);**
- c. compare labor charges for each employee with the amounts specified in the agreement and investigate any variances;**
- d. amend the interagency agreements to include provisions for personnel changes or additions and document approval for all changes in personnel, including the costs associated with each employee; and**
- e. obtain and review adequate documentation to support the propriety of amounts billed for work performed by subcontractors, such as subcontractor billings.**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Department of Human Services (DHS) – Social Services Administration (SSA) for the period beginning January 28, 2013 and ending June 30, 2016. The audit was conducted 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.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine SSA's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included federal fund reimbursement, foster care, child protective services, adoption and guardianship assistance, the Children's Electronic Social Services Information Exchange (CHESSIE), and interagency agreements. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include various support services (such as payroll, purchasing, maintenance of accounting records, and related fiscal functions) provided by DHS' Office of the Secretary. Our audit also did not include an evaluation of internal controls over compliance with federal laws and regulations pertaining to federal financial assistance programs and an assessment of SSA's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including SSA.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of SSA's operations, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during the audit. We extracted data from CHESSIE for the purpose of testing foster care requirements, federal fund recoveries, child protective services investigations, and adoption and guardianship assistance. We performed various tests of the relevant data in order to determine data reliability. Use of the data was restricted to the situations in which the data were deemed to be reliable for the purposes they were used. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

SSA's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect SSA's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to DHS that did not warrant inclusion in this report.

As a result of our audit, we determined that SSA's accountability and compliance level was unsatisfactory. The primary factors contributing to the unsatisfactory rating were the number and significance of the audit findings contained in the

report. Our rating conclusion has been made solely pursuant to State law and rating guidelines approved by the Joint Audit Committee. The rating process is not a practice prescribed by professional auditing standards.

DHS' response, on behalf of SSA, to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 21224 of the Annotated Code of Maryland, we will advise DHS regarding the results of our review of its response.

APPENDIX



Larry Hogan, Governor | Boyd K. Rutherford, Lt. Governor | Lourdes R. Padilla, Secretary

November 9, 2017

Mr. Thomas J. Barnickel III, CPA
Legislative Auditor
State of Maryland
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, Maryland 21201

Dear Mr. Barnickel:

Please find enclosed the Department of Human Services' (DHS) responses to the draft Legislative Audit Report of the Department of Human Services – Social Services Administration for the period beginning January 28, 2013 and ending June 30, 2016.

If there are any questions, please do not hesitate to contact Kevin J. Carson, Inspector General at 443-378-4000 or via email at kevin.carson@maryland.gov.

Sincerely,

A handwritten signature in black ink that reads "Gregory S. James". The signature is written in a cursive, flowing style.

Gregory James
Deputy Secretary for Programs

cc: Ms. Lourdes R. Padilla, Secretary, DHS
Mr. Craig F. Eichler, Chief of Staff, DHS
Ms. Samantha Blizzard, Special Assistant, Office of the Secretary, DHS
Mr. Kevin Carson, Inspector General, DHS
Ms. Kenyatta Powers, Chief Information Officer, DHS
Ms. Rebecca Gaston, Executive Director, SSA, DHS
Mr. Stafford Chipungu, Chief Financial Officer, DHS



311 W. Saratoga Street, Baltimore, MD 21201-3500 | Tel: 1-800-332-6347 | TTY: 1-800-735-2258 | www.dhs.maryland.gov

The Department of Human Services (DHS) appreciates the opportunity to respond to the draft Legislative Audit Report of the Department of Human Services – Social Services Administration (SSA) for the period beginning January 28, 2013 and ending June 30, 2016. The Department takes very seriously its mission to supervise, direct, and monitor social services programs provided by the local departments of social services (LDSSs) located in each of Maryland's 24 local subdivisions. These programs are designed to prevent or remedy abuse, neglect, and exploitation of children and families, and include foster care, adoption and guardianship assistance, and child protective services.

The draft report identifies areas where DHS is in agreement that improvements can be made in our oversight of and procedures for our programs and operations. There are also findings presented by the report with which DHS is not fully in agreement with the assertions or conclusions presented; notwithstanding our reservations, we do generally accept the recommendations and have proposed appropriate, responsive corrective actions.

DHS is not in agreement with either OLA's overall conclusion that SSA had not established a comprehensive quality assurance program to ensure that child welfare programs were being properly administered by the LDSSs or with OLA's rating of unsatisfactory for accountability and compliance. SSA had a comprehensive Quality Assurance process in place during the audit period focusing on indicators of success in reaching program outcomes for children and families.

Auditor's Comment: DHS' comments regarding its quality assurance program relate to Finding 1; see our Auditor Comment there.

Specifically, between FY13-16, a total of 12 reviews¹ of LDSSs were completed across the state:

- In FY13 the following counties were reviewed: Calvert, Carroll, Frederick, Garrett, Harford, Prince George's, Queen Anne's, and Talbot.
- Between FY14 – FY15, onsite reviews were completed for Anne Arundel county and Baltimore City DSS, and Continuous Improvement Plans (CIP) monitoring reviews were completed in Allegany, Baltimore, Calvert, Carroll, Dorchester, Frederick, Garrett, Harford, Howard, Queen Anne's, Somerset, St. Mary's, Washington, Wicomico, and Worcester counties.
- In FY16 reviews were completed for Wicomico and Worcester counties in April and May 2016.

Notwithstanding DHS's objection, SSA does acknowledge that with regard to some of the compliance-oriented indicators identified by the auditors in this report, enhanced and direct

¹ These reviews and CIP materials have been compiled for inspection. During the audit period, the review process included the following:

- Comprehensive self-analysis conducted by the LDSS and stakeholder focus groups (i.e. providers, attorneys, judges, school personnel, staff, etc.) and an analysis of the aggregate results.
- Comprehensive MD CHESSIE case reviews by SSA's Quality Assurance staff on a random sample of Investigation, In-Home, and Out-of-Home cases (30 total; 10 from each program area).

monitoring by SSA may result in improved program operations and outcomes. To that end, SSA has begun (and will continue) to increase its efforts and focus on these and other compliance indicators.

All proposed or already implemented corrective actions are detailed below in our response to each recommendation.

Finding 1

The Social Services Administration (SSA) did not have comprehensive quality assurance processes in place to adequately monitor the administration of child welfare program services by the State's local departments of social services (LDSSs).

Recommendation 1

We recommend that SSA establish comprehensive quality assurance processes to ensure its child welfare programs are effectively and properly administered by the LDSSs.

Specifically, we recommend that SSA develop, implement, and oversee

- a. comprehensive written procedures for monitoring program services and functions to ensure compliance with applicable laws, regulations, and policies; appropriate and timely recordkeeping; and the maintenance of supporting documentation relating to services and functions performed; and**
- b. a quality assurance case review process at each LDSS.**

Department's Response

Finding and Recommendations 1(a) and 1(b)

SSA disagrees with the finding, but accepts and agrees with the recommendations.

SSA respectfully disagrees with this finding. SSA established a quality assurance system several years ago. This system focuses on key indicators of success in reaching program outcomes for children and families (e.g. lowering recurrence of maltreatment, lowering the number of children in foster care, increasing timely placements of foster children to permanency, and lowering the rate of reentry after reunification). However, in an effort to establish a more comprehensive quality assurance process over its child welfare programs, SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, the local department's compliance in all critical areas. SSA therefore accepts the recommendations.

Auditor's Comment: At the time of our audit, SSA's quality assurance system was not in place and operational. We were advised that the last report produced as a result of the system had been issued two years prior to our audit. Based on SSA's representations, the quality assurance system focused on program outcomes. Monitoring of outcomes would be beneficial under a fully operational system. Even so, other aspects of its social services programs need to be addressed. SSA has acknowledged that current monitoring procedures need to be updated to address the various program compliance issues identified in this report.

Monitoring Compliance With Foster Care Requirements

Finding 2

SSA had not established procedures to monitor the LDSSs to ensure that foster children were placed in the least restrictive environment and received required services. Further, reports from the Children's Electronic Social Services Information Exchange (CHESSIE) did not accurately reflect services provided to children in foster care, which hampered the ability of SSA to monitor service delivery.

Recommendation 2

We recommend that SSA establish procedures to monitor the LDSSs to ensure compliance with foster care requirements. Specifically, we recommend that SSA

- a. ensure that the applicable legal documentation is included in each foster child's case record;**
- b. ensure that the LDSSs place children in the least restrictive environment and document attempts to place the child with a relative;**
- c. ensure compliance with medical, dental, and education requirements by reviewing applicable documentation; and**
- d. ensure that all required activity is accurately reflected in CHESSIE so that CHESSIE can be effectively used as a tool to monitor case management activity.**

Department's Response

Finding and Recommendations 2(a) through 2(d)

SSA agrees with the finding and each recommendation.

SSA acknowledges that there are some disparities between case files maintained both electronically and in hardcopy as well as the need to ensure these records individually represent a complete and accurate record of compliance with the mandated requirements. Accordingly, SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, the local department's compliance in these areas.

Monitoring of Foster Care, Adoption, and Guardianship Assistance

Finding 3

SSA did not establish procedures to ensure that the LDSSs complied with State regulations regarding the initial approval of foster care providers, as well as ongoing monitoring requirements for foster care providers, adoptive parents, and guardians.

Recommendation 3

We recommend that SSA

- a. establish monitoring procedures, including a review of documentation, to ensure that the LDSSs approve and monitor family foster care providers in accordance with State regulations;**
- b. establish monitoring procedures to ensure the LDSSs conduct required redeterminations of the continued eligibility of family foster care providers, adoptive parents, and guardians in accordance with State regulations; and**
- c. ensure that the LDSSs correctly record/scan all necessary documentation in CHESSIE relating to the approval, monitoring, and continued eligibility of family foster care providers, adoptive parents, and guardians, including documentation of quarterly meetings with family foster care providers.**

Department's Response

Finding 3 and Recommendations 3(a) through 3(c):

The SSA agrees with the finding and each recommendation.

Recommendation 3(a)

Although the referenced documentation was not scanned in MD CHESSIE, hard copies were provided by SSA and supported the fact that the aforementioned foster care providers were approved in accordance with State regulations. SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, that the local department's compliance in this area is adequately documented.

Recommendation 3(b)

SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, the local department's compliance in this area.

Recommendation 3(c)

The process for approving public foster homes is a paper-based process. Therefore, supporting documentation was maintained in hardcopy case files at LDSS sites. Nonetheless, SSA has met with LDSS management to reinforce the importance of scanning documentation into MD CHESSIE. SSA will monitor compliance on a test basis.

Finding 4

SSA had not established procedures to ensure that children who remained in the foster care, adoption, or guardianship programs after they reached the age of 18 were eligible to do so and, for certain cases we reviewed, there was a lack of documentation supporting continued eligibility.

Recommendation 4

We recommend that SSA

- a. establish procedures to ensure that the LDSSs verify that children 18 years of age or older who remain in the foster care, adoption, or guardianship programs are eligible to remain in the applicable program, and such eligibility is accurately recorded in CHESSE and documented; and**
- b. document implementation of these procedures, including the resolution of cases for which the eligibility criteria stipulated in State regulations have not been met.**

Department's Response

Finding and Recommendations 4(a) and 4(b):

SSA agrees with the finding and each recommendation.

Recommendation 4(a)

SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, the local department's compliance in these areas.

Recommendation 4(b)

The aforementioned reviews will be documented and retained for audit purposes.

Finding 5

SSA did not have adequate procedures to ensure that it received federal reimbursement for all children eligible for Title IV-E funding. Our tests disclosed instances in which children were incorrectly determined to be ineligible, resulting in a potential loss of federal funds totaling approximately \$1 million.

Recommendation 5

We recommend that SSA establish procedures to ensure federal reimbursement is obtained for all children eligible for Title IV-E funding. Specifically, we recommend that SSA

- a. ensure that Title IV-E eligibility is properly determined for all children and recorded in CHESSE;**
- b. ensure that determination and redetermination worksheets are completed for all children, are signed by the preparer and reviewed and approved by a supervisor, and include all supporting documentation;**
- c. review all children who are currently determined to be ineligible, including the aforementioned cases, and obtain Title IV-E funds when possible; and**

- d. include children classified as ineligible for Title IV-E federal reimbursement in its secondary review procedures.**

Department's Response

Finding and Recommendations 5(a) through 5(d):
SSA agrees with the finding and each recommendation.

Recommendations 5 (a), (b), and (d)

SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, the local department's compliance in these areas. SSA has also taken steps to improve the supervisory review process to ensure eligibility decisions are timely and accurately completed in the MD CHESSIE data system.

Recommendation 5 (c)

SSA has corrected all of the cases and claims adjustments requested. The adjustments (depending on when they were made) were either included in the last quarter claims (April, May, June) or in the most recent quarterly claims (July, August, September) submitted on October 15, 2017.

Finding 6

SSA did not maximize the recovery of federal funds for children who were eligible to receive SSI.

Recommendation 6

We recommend that SSA maximize the recovery of federal funds for children who are eligible for SSI (repeat). Specifically, we recommend that SSA

- a. ensure SSI is promptly collected to cover the cost of foster care for children who are only eligible for SSI;**
- b. review all SSI eligible cases and ensure federal recoveries are maximized; and**
- c. for children eligible for both funding sources, prepare, document, and implement a process to maximize federal funding for the cost of foster care.**

Department's Response

Finding and Recommendations 6(a) through 6(c):
SSA agrees with the finding and each recommendation.

Recommendations 6(a) and 6(b)

A Title IV-E eligibility determination is completed for every child entering foster care. As part of the Title IV-E determination, the SSI status of each child is also reviewed. If the child is receiving SSI, a cost benefit analysis is completed. SSI eligibility is currently being performed by a vendor specifically contracted for the purpose of securing SSI funding (when appropriate) for children in foster care.

Recommendation 6(c)

SSA along with the Office of Budget & Finance is analyzing the feasibility of changing the claiming structure for dual claims.

Child Protective Services

Finding 7

SSA did not monitor the timeliness of child abuse and neglect investigations conducted by the LDSSs. In addition, reviews and investigations of allegations were not always performed timely.

Recommendation 7

We recommend that SSA establish oversight procedures to ensure that the LDSSs review allegations of child abuse or neglect and conduct and complete related investigations in a timely manner, as required by SSA policy and State law.

Department's Response

Finding 7:

SSA respectfully disagrees with this finding but agrees with the recommendation.

It appears that OLA's review of investigation initiations and completions were not fairly sampled. Specifically, the items sampled were drawn from cases already noted as having issues with the screening process making them more likely to have experienced similar delinquencies with initiating or subsequently completing the investigation.

Auditor's Comment: The primary source for this finding was various CHESIE reports that showed for the periods reviewed that the local departments of social services had not made determinations about the need for an investigation or completed required investigations in a timely manner for a significant number of cases. The 16 allegations specifically addressed in the finding, which appear to be the focus of SSA's comments, were only examples of some of the delays encountered for initiating and completing investigations.

There are a variety of factors that affect the determination as to whether an investigation is warranted (i.e. screening). For example, there may be instances when an initial report contains insufficient information to make the determination. In an attempt to appropriately determine whether to screen in (or screen out) a report, the screener may need to contact additional parties (e.g. the school). These additional efforts are documented with, then reviewed by, a supervisor to determine whether sufficient information exists to accept the report for either a CPS response or some other Departmental service.

Nonetheless, the timely investigation of allegations is of critical importance to SSA in achieving one of its central objectives, which is to ensure the protection of children from harmful environments. Accordingly, SSA acknowledges that there is room for improvement and is updating its current monitoring procedures, along with related system reports, to assess, on a test basis, the local department's compliance in these areas. Furthermore, SSA is providing guidance to the LDSSs regarding the importance of documenting any factors that may have delayed the initiation of an investigation.

Finding 8

SSA did not monitor the timeliness of required assessments of substance-exposed newborns completed by the LDSSs. In addition, these assessments were not always completed within the required time frames.

Recommendation 8

We recommend that SSA

- a. establish oversight procedures to ensure that LDSSs complete required safety and risk assessments of substance-exposed newborns within the time frames required by State regulations and SSA policy, and**
- b. enhance the accuracy and completeness of the aforementioned CHESSIE report to ensure it can be reliably used to monitor compliance with these requirements.**

Department's Response

Finding and Recommendations 8(a) and 8(c):

SSA partially agrees with these recommendations:

Recommendation 8(a)

In 100% of the cases, the face-to-face activity of a safety assessment was timely completed (e.g. seeing the baby, speaking to the parent about safety concerns, and making a safety plan as necessary); however, as noted in the report, the supporting SAFE-C document was not approved timely. Each of these assessments occur in a hospital setting due to the emergent nature of the work which also necessitates additional time to return to the office and document the assessment. In addition, since the SEN policy was established, SSA has found that infants are presenting with more serious symptoms due to the increased potency of the drugs involved.

Although SSA believes that appropriate safety assessments are occurring, the timely documentation of these activities is also important. SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, the local department's compliance in these areas.

Recommendation 8(b)

SSA has communicated with the local departments to reiterate the importance of ensuring the completeness and accuracy of data entered into CHESSIE.

Finding 9

SSA lacked adequate controls to ensure the LDSSs were immediately notified of children born to individuals who had previously had their parental rights terminated for abuse or neglect. In addition, SSA did not ensure that the LDSSs completed an assessment of these families and offered services when appropriate.

Recommendation 9

We recommend that SSA establish adequate procedures and controls, such as a requirement for supervisory review, to ensure that LDSSs are promptly notified of children born to individuals who have previously had their parental rights terminated by the court, and that a family assessment is completed timely if determined to be appropriate by the LDSS.

Department's Response

Finding 9:

SSA agrees with the finding and recommendation.

SSA has improved the tracking process that it uses to identify and promptly notify the respective local department of children born to individuals who have had their parental rights terminated for abuse and neglect.

Foster Care, Adoption, and Guardianship Payments**Finding 10**

SSA did not ensure that overpayments made to certain providers of child placement services were identified and resolved in a timely manner.

Recommendation 10

We recommend that SSA, in conjunction with the OIG, ensure that reviews of financial reports from group homes and child placement agencies are completed in a timely manner in order to promptly identify any overpayments and ensure their proper disposition.

Department's Response

Finding 10:

SSA, in conjunction with OIG, respectfully disagrees with this finding but agrees with the recommendation.

There is no criterion which specifies how long it should take to complete the review of Financial Statements for over 80 providers with approximately 170 programs. As of August 30, 2017, the status of these reviews (i.e. determining current year's retained surplus, overpayments, and proper utilization of prior period's retained surplus) is as follows:

- FY14 - 100% complete
- FY15 - 95% complete
- FY16 - 95 % complete
- FY17 – Financial Statements not yet due

Auditor's Comment: We acknowledge that there is no criterion establishing a period in which reviews of provider financial reports should be conducted. However, delays in performing the reviews increase the risk of non-recovery of overpayments that are identified. At the time of our review, delays in performing the reviews were close to two years. SSA has represented that, as of August 30, 2017, the reviews are much more current, which suggests that, even without an established SSA policy, past reviews should have been performed more timely.

Using a risk-based approach, the OIG decided to expand the scope of the routine review to assess the financial viability of each provider. Early detection of a provider's financial hardship allows the department to take the measures necessary to prevent any undue distress to children in care and manage any significant risk exposure to DHS. OIG also decided to expand the scope of our review to assess the adequacy of financial statements because of instances where financial statements were not in compliance with applicable requirements and/or not audited by an actively licensed Certified Public Accountant (CPA). These scope expansions necessitated that additional time be expended to complete each review.

Nonetheless, the OIG has decided to complete the provider reviews as a two phase process. The first phase includes the determination of any overpayment and retained surplus as well as an assessment of the proper usage of the prior year's retained surplus, if applicable. The second phase includes performing additional steps such as assessing financial viability, completing a compliance analysis and risk assessment along with any other necessary procedures.

Of the providers referenced as excluded from the OIG's listing, only one was inadvertently omitted from the internal progress tracking list; however, this provider was properly reviewed. The other providers identified were either Out-of-State (OOS) providers or no longer in operation. Thus, no financial statements were received in order to perform a review for these OOS providers. The Annotated Code of Maryland Section I, Title 7, does not apply to out of state providers.

Lastly, all related accounts receivable were pursued in accordance with State policy. As of August 30, 2017, overpayments outstanding for FY2013 totaled \$144,000 which remain for collection with Central Collection Unit, as required.

Finding 11

SSA had not established procedures to ensure that adoption assistance payments were suspended, terminated, or, as permitted, renegotiated with the adoptive parent when an adopted child was removed from the adoptive home.

Recommendation 11

We recommend that SSA

- a. establish procedures to ensure compliance with State regulations regarding adoption assistance payments being made for a child who has been moved from the adoptive home to an out-of-home placement; and**
- b. review adoption assistance payments made on behalf of children in out-of-home placement, including for the aforementioned children, and recover any amounts that were inappropriately paid.**

Department's Response

Finding and Recommendations 11(a) and 11(b)

SSA agrees with the findings and recommendations:

Recommendation 11(a)

SSA is updating its current monitoring procedures along with related system reports to assess, on a test basis, the local department's compliance in these areas.

Recommendation 11(b)

Going forward, SSA will undertake a review process to identify instances where adoption payments were made on behalf of children in foster care and begin to implement a recovery process in conjunction with the DHS Budget and Finance office and Office of the Attorney General. Where possible and practical, SSA, in conjunction with the other DHS offices, will pursue any amounts inappropriately paid.

Finding 12

Ancillary expenditures incurred by the LDSSs to further support children in social services programs were not adequately controlled.

Recommendation 12

We recommend that SSA ensure adequate control over ancillary expenditures made to support children in social services programs by requiring and verifying LDSS compliance with the aforementioned State regulations.

Department's Response

Finding 12:

SSA respectfully disagrees with this finding and recommendation.

SSA does not exercise fiscal oversight over the LDSS and is not responsible for (nor is it in a position to monitor) LDSS procurements. In addition, as noted by the auditor, this audit item more appropriately falls under the Office of the Secretary (or local department operations).

Auditor's Comment: We have addressed controls over ancillary expenditures as part of the SSA audit because the expenditures relate to social services program activities and are processed through the CHESSIE system. Also, the regulations governing these expenditures are presented under the SSA title in COMAR.

Finding 13

SSA did not approve certain adoption assistance rates being paid by LDSSs as required by SSA policy.

Recommendation 13

We recommend that SSA

- a. ensure each LDSS obtains SSA approval, as required, prior to processing adoption assistance rates greater than the current maximum allowed rate; and**
- b. take steps to periodically identify the use of rates greater than the maximum allowed rate to verify that the rates were approved as required.**

Department's Response

Finding 13 and Recommendation 13 (a) and 13 (b):
SSA agrees with this finding and recommendations.

Recommendation 13(a)

SSA has provided guidance to all LDSS concerning the requirement to obtain SSA approval, as required, prior to processing adoption and guardianship assistance rates greater than the approved intermediate foster rate.

Recommendation 13(b)

SSA is developing a monthly Milestones report containing all subsidies above the intermediate board rate, indicating those approved by SSA, and those without SSA approval. From this report, randomly selected subsidies will be reviewed to ensure that proper documentation is maintained.

Interagency Agreements

Finding 14

SSA did not ensure that payments made to a State university for three interagency agreements were adequately supported, were reasonable in relation to the tasks performed, and were made in accordance with the terms of the agreements.

Recommendation 14

We recommend that SSA

- a. obtain and review detailed time records (timesheets), including hours worked by each employee by task, to support the propriety of labor charges billed, and to monitor the State university's efforts to complete the tasks (repeat);
- b. compare the State university's payroll records (payroll register) to labor charges billed to ensure amounts billed are accurate (repeat);
- c. compare labor charges for each employee with the amounts specified in the agreement and investigate any variances;
- d. amend the interagency agreements to include provisions for personnel changes or additions and document approval for all changes in personnel, including the costs associated with each employee; and
- e. obtain and review adequate documentation to support the propriety of amounts billed for work performed by subcontractors, such as subcontractor billings.

Department's Response

Finding 14:

SSA respectfully disagrees with this finding.

Specifically, SSA has always obtained the deliverables as agreed upon in the referenced interagency agreements with these sister agencies and the deliverables were to SSA's satisfaction.

Auditor's Comment: SSA believes that it has obtained all deliverables, but the agreements were not specific enough to readily determine if the desired outcomes were achieved. Under the terms of the agreements, payments were based on the actual time spent by each university employee. Without the recommended documentation and review processes, SSA cannot adequately monitor the university's efforts to complete the tasks, including the labor charges billed.

Recommendation 14(a) and 14(b)

To prevent this finding from being repeated in future audits, SSA has implemented these more specific recommendations. SSA instituted an improvement in the documentation supporting each invoice received for all university contracts including a listing of staff persons (and any notifications about staff or salary changes) associated with the agreement, areas of the scope of

work under which the staff worked during the month, signed timesheets relating to the staff work during the month, and invoices relating to non-labor costs charged during the month.

SSA has approved the salaries paid under the agreement with the review and approval of the DHS Monthly Invoice Detail Form, UMB Funding Profile of funding changes of effort, and timesheets that are classified as payroll sheets. The prior audit stated "the invoices did not identify the specific employees who performed services during the billing periods, the hours worked, and the related salary costs." The documentation process instituted in response to the prior audit does identify specific employees, the hours worked (as based on their level of effort in a 40 hour week), and their salary costs. SSA did in good faith comply with the audit recommendation, and this was a considerable effort adding additional time for both UMB to produce and SSA to review as part of the monthly invoice submission/review process.

Recommendation 14(c)

These agreements have never been paid more than the budgeted amount, and although at times the salaries of some staff members have exceeded the individual budgeted amounts, those increases were approved through the monthly invoice documentation process, as noted above.

Recommendation 14(d)

SSA will consider amending the interagency agreements to include provisions for personnel changes or additions and document approval for all changes in personnel, including the costs associated with each employee. These changes are already noted on the DHS Monthly Invoice Detail Form, which UMB completes and the DHS Project Officers approve, and changes to employees working under the agreement are reviewed and authorized by the DHS Project Officer.

Recommendation 14(e)

The Department is satisfied with the proof of payment.

AUDIT TEAM

Mark S. Hagenbuch, CPA
Audit Manager

Robert J. Smith, CPA
Senior Auditor

Jessica A. Cacho, CPA, CFE
Zain Khalid
Maryia Kuzina
Syed M. Taqvi
Staff Auditors