

Audit Report

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**Department of Human Resources  
Social Services Administration**

March 2011

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**OFFICE OF LEGISLATIVE AUDITS**  
DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY

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**DEPARTMENT OF LEGISLATIVE SERVICES**  
**OFFICE OF LEGISLATIVE AUDITS**  
**MARYLAND GENERAL ASSEMBLY**

March 16, 2011

**Karl S. Aro**  
Executive Director

**Bruce A. Myers, CPA**  
Legislative Auditor

Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee  
Senator James C. Rosapepe, Co-Chair, Joint Audit Committee  
Members of Joint Audit Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Department of Human Resources – Social Services Administration (SSA) for the period beginning July 1, 2007 and ending January 3, 2010. SSA supervises, directs, and monitors the social services programs (including the out-of-home placement program) of the State's 24 local departments of social services.

Our audit disclosed significant deficiencies with SSA's statewide automated child welfare information system, Children's Electronic Social Services Information Exchange (CHESSIE). For example, SSA was unable to effectively monitor the State's child welfare activities and the local departments of social services because certain information recorded in CHESSIE was incomplete and unreliable. SSA was also unable to provide reliable reports to the federal government due to deficiencies in CHESSIE.

Additionally, SSA did not establish procedures to effectively monitor foster and kinship care placements to ensure that children were not placed with certain providers, as required by State regulations. In addition, SSA did not ensure the proper disposition of overpayments made to group homes.

An executive summary of our findings can be found on page 5. The Department of Human Resources' 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 the course of this audit by SSA.

Respectfully submitted,

**Bruce A. Myers, CPA**  
Legislative Auditor



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



# Executive Summary

**Legislative Audit Report on the Department of Human Resources (DHR)  
Social Services Administration (SSA)  
March 2011**

- **SSA was unable to effectively monitor the State's child welfare activities and the local departments of social services (LDSSs) since certain information recorded in the Children's Electronic Social Services Information Exchange (CHESSIE) was incomplete and unreliable. In this regard, we noted material discrepancies when comparing CHESSIE information (such as, number of resolved abuse/neglect allegations) to related information maintained by the LDSSs. We were advised by SSA management that the LDSSs' records are the most reliable source of this information.**

SSA should ensure the completeness and reliability of CHESSIE information to enable effective monitoring of the State's child welfare activities and of the LDSSs.

- **SSA did not establish procedures to effectively monitor foster and kinship care placements to ensure that children were not placed with certain providers, as required by State regulations. Specifically, our review identified 6 foster care providers who had cared for 32 children even though there was credible evidence of abuse or neglect against the provider prior to, or during, these placements.**

SSA should establish procedures to ensure that children are not placed with providers when there is credible evidence of child abuse or neglect, as required, unless the LDSS has reviewed and approved the specific circumstances of the case.

- **SSA did not ensure compliance with certain foster care service requirements, such as annual medical exams for foster care children.**

SSA should take appropriate action to ensure compliance with foster care service requirements.

- **Due to certain legal concerns, SSA did not notify the LDSSs when it identified 159 children born to individuals who had previously had their parental rights terminated for child abuse or neglect. Such notification would allow the LDSSs to assess the child's family situation and to offer services if necessary.**

SSA should obtain a legal opinion regarding the notification of the LDSSs of these children.

## **Background Information**

### **Agency Responsibilities**

The Social Services Administration (SSA) supervises, directs, and monitors the social services programs (including the out-of-home placement program) 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. According to SSA's records, the fiscal year 2010 operating costs of SSA and the applicable services provided by the LDSSs, including payments to group care and foster care providers, totaled approximately \$594 million.

### **Reorganization**

Chapter 116, Laws of Maryland 2008, effective April 2008, abolished the Community Services Administration (CSA) within the Department of Human Resources and transferred the duties and responsibilities of its six programs to SSA, the Family Investment Administration, and the Department of Human Resources – Office of the Secretary. Our last audit of CSA included the period ending July 31, 2006; accordingly, the scope of this audit includes the activities of those programs transferred to SSA for the period August 1, 2006 and ending January 3, 2010. In this regard, the Office of Adult Services (OAS) was transferred to SSA. The OAS monitors the local Offices of Adult Services whose purpose is to protect vulnerable adults, promote self sufficiency, and avoid or delay unnecessary institutional care. OAS provides services that maximize a person's ability to function independently. OAS oversees numerous programs to help adults throughout Maryland. According to SSA's records, OAS expenditures for fiscal year 2010 totaled approximately \$41 million, the majority of which related to salaries of employees who perform these services at the various LDSSs.

### **Status of Findings From Preceding Audit Report**

Our audit included a review to determine the status of the nine findings contained in our preceding audit report on SSA dated October 6, 2008. We determined that SSA satisfactorily addressed six of these items. The remaining three items are repeated in this report.



# Findings and Recommendations

## CHESIE Functionality

### Background

The Children's Electronic Social Services Information Exchange (CHESIE) system is the Social Services Administration's (SSA) automated child welfare information system and serves as a statewide child welfare, foster care, and adoption case management tool. Its purpose is to provide social services workers at the various local departments of social services (LDSSs) throughout the State with a common and comprehensive information system and to provide SSA management with comprehensive and consistent monitoring and data reporting capabilities. To manage child welfare services and resources available to clients, CHESIE consists of seven modules. These modules include such areas as investigations, in-home/family preservation, out-of-home placement, and adoptions. CHESIE serves as the official record for social services administered by SSA.

Additionally, CHESIE is used to generate adoption and foster care information for all children covered by the protections of Titles IV-B and IV-E of the Social Security Act. This information is reported and submitted semi-annually by SSA to the federal Children's Bureau of the Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services.

CHESIE was implemented in all LDSSs between February 2006 and January 2007. According to SSA records, since CHESIE's inception in March 1996 through June 2010, approximately \$90 million has been expended for development and operational purposes.

### **Finding 1**

**Certain CHESIE modules, including those for in-home/family preservation and abuse/neglect investigation, contained incomplete and unreliable data hampering SSA's ability to effectively monitor child welfare activities performed by the LDSSs and to accurately report information to the federal government.**

### Analysis

CHESIE contained incomplete and unreliable data in several modules; therefore, SSA was unable to effectively monitor certain aspects of the State's child welfare activities and the LDSSs. This condition also resulted in the reporting of certain unreliable data to the federal government, which could lead to penalties.

Although SSA had been aware of these problems for several years, it had not implemented adequate corrective actions. For example, our review noted that CHESSIE’s in home/family preservation module<sup>1</sup> contained potentially incomplete or inaccurate information regarding child welfare cases. In this regard, we compared CHESSIE information from this module to the “hand counts” of activity maintained by the LDSS, for three attributes during June 2009 and noted material discrepancies (see Table 1). “Hand counts” represent a manual calculation by LDSS staff of activity from various sources. We were advised by SSA management that the LDSS “hand counts” are the most reliable source of this information and are used for SSA statistics (including StateStat reporting to the Governor’s Office). For each attribute reviewed, we verified whether the total number of cases per CHESSIE and “hand counts” agreed.

**Table 1**  
**Comparison of CHESSIE Data With LDSS Maintained Data**  
**As of June 2009**

	Attribute Reviewed	Number of Cases Per CHESSIE (A)	Number of Cases Per Hand Counts (B)	Net Difference (A-B)	Number of Instances of Cases Recorded in One Source and Not the Other <sup>❶</sup>
<b>1</b>	Number of Findings (for example, substantiated or unsubstantiated) Regarding Abuse/Neglect Allegations	1,896	3,166	(1,270)	1,270
<b>2</b>	Number of Abuse/Neglect Allegation Reports	3,965	3,922	43	669
<b>3</b>	Number of In-Home Services (for example, alcohol counseling) as a Result of a Child Assessment or Investigation	3,847	3,534	313	715
	<b>Total</b>	9,708	10,622	(914)	2,654

<sup>❶</sup> This column accounts for the total number of instances of a case being recorded in one source but not the other (that is, the absolute value) while the, “Net Difference” column is simply the difference between columns (A) and (B).

<sup>1</sup> The in-home/family preservation module maintains records of the services provided to support the family (parents and children at risk of maltreatment) at their homes.

As a result of the aforementioned data problems, SSA has not been able to use CHESIE's investigation module to effectively monitor child welfare activities performed by the LDSSs. For example, State law requires that investigations of child abuse be conducted by LDSSs within 24 hours and investigations of neglect be conducted within 5 days from when the allegation is made. State regulations require that this information be recorded in CHESIE. However, since information on certain abuse/neglect allegations in CHESIE is not reliable, SSA has no readily available means to assess whether investigations are conducted and the investigations are timely.

Furthermore, although SSA was aware that CHESIE information was incomplete, it still reported CHESIE generated information, as required by federal regulations, to the federal ACF, semiannually. The ACF noted problems with the reports (such as, CHESIE did not have information as to whether or not certain children had a disability) and consequently, all five reports during the period from November 2007 to November 2009 failed ACF requirements. We were advised by SSA management that although ACF has not imposed federal penalties to date, future failed submissions could result in financial penalties.

We were advised by SSA management that it was fully aware of the problems with the information in CHESIE; however, due to budget constraints, only limited corrective actions were initiated to ensure that CHESIE information was complete and reliable. Similar conditions regarding the inaccuracy of CHESIE were commented upon in our prior audit report.

### **Recommendation 1**

**We recommend that SSA**

- a. ensure the completeness and reliability of CHESIE data (repeat), and**
- b. ensure that accurate information is reported to the federal ACF (repeat).**

## **Out-of-Home Placements**

### **Background**

The Family Law Article of the Annotated Code of Maryland requires SSA to establish an out-of-home placement program for minor children. Through this program, SSA primarily places children with foster care and kinship care providers as well as placing fewer children with other provider types, such as with group homes. The primary distinction between foster and kinship care is that foster care providers are paid by SSA and are not related to the child that is placed while kinship care providers are not paid and are related to the child that is placed.

The out-of-home placement program provides an alternative setting for children who cannot remain in the care of their parents because of various factors, such as abandonment and neglect. The LDSSs arrange for placement of the children and use all reasonable resources to place the child in kinship care. If there is no kinship care available, the LDSS places the child in a setting such as foster care. According to SSA's records, as of June 2010, there were 8,013 out-of-home placements; 5,894 were in foster care or in kinship care and 2,119 were in other placements (such as, group homes). Payments to out-of-home providers totaled approximately \$222 million in fiscal year 2010.

**Finding 2**

**SSA did not establish procedures to effectively monitor foster and kinship care placements to ensure that children were not placed with certain providers.**

**Analysis**

SSA did not establish procedures to ensure that children in foster care and kinship care programs were not placed with providers when there was credible evidence of child abuse or neglect, as required by State regulations. Specifically, SSA did not use available information to monitor such placements. At our request, SSA queried the data in CHESSIE to identify providers who had children in their custody after a determination was made that there was credible evidence of abuse or neglect. The resulting report identified, that from April 2008 to June 2010, there were 6 providers (1 foster care and 5 kinship care) who had cared for 32 children even though there was credible evidence of abuse or neglect against the provider prior to, or during, these placements. For example, one foster care provider had received 23 placements that lasted, on average, for 34 days even though there was credible evidence of neglect by the provider prior to those placements. Due to data reliability problems with CHESSIE, there may be additional cases that our review did not identify. However, these results were confirmed with SSA officials and, for 3 of the 6 providers accounting for 26 placements, an official at the applicable LDSS.

State regulations require that SSA may not approve or continue to approve any provider home in which there was credible evidence of child abuse or neglect. However, State regulations do allow for continued approval of foster and kinship care in instances where the LDSSs reviewed and approved the specific circumstances. SSA was unable to provide documentation of such approval for the aforementioned six providers.

## **Recommendation 2**

**We recommend that SSA establish procedures to ensure that children are not placed with providers in which there was credible evidence of child abuse or neglect, as required, unless the LDSS had reviewed and approved the specific circumstances of the case. For example, to the extent practical, SSA should periodically obtain reports from CHESSIE to help monitor placements.**

### **Finding 3**

**SSA had not ensured compliance with foster care service requirements established by certain State and federal regulations.**

### **Analysis**

SSA had not ensured compliance with foster care service requirements established by certain State and federal regulations. The requirements are intended to ensure that all children in foster care are receiving the vital services necessary for their emotional, physical, and educational well-being in a safe environment. Specifically, our review noted the following conditions:

- SSA did not have a process in place to ensure that foster care children received annual medical exams, as required by State regulations. Our review of records for 17 foster care children disclosed SSA could not provide us with any documentation of medical exams for 9 of these children.
- SSA did not achieve the required 90 percent success rate for any of the seven outcome measures in the federal Child and Family Services Review (CFSR) dated January 2010 for the period of April 2008 through June 2009 conducted by the Children's Bureau of the Administration for Children and Families within the U.S. Department of Health and Human Services. Additionally, the recent CFSR report shows that SSA's performance declined in each of the outcome measures, when compared to the preceding CFSR report. A comparison of the CFSR review in May 2007 and January 2010 is presented in Table 2 on the following page.

**Table 2**  
**Federal Child and Family Services Review (CFSR)**  
**Outcome Measures (Unaudited)**

Outcome Measures	Achieved as of May 2007 <sup>o</sup>	Achieved as of January 2010 <sup>o</sup>	Percentage Point Decrease
<b>Safety</b>			
Children are safe from abuse and neglect	88%	69.6%	18.4
Children are safely maintained at home when possible	92%	40.6%	51.4
<b>Permanency</b>			
Children have permanent and stable living arrangements	67%	22.5%	44.5
Continuity of family relationships is preserved	67%	46.2%	20.8
<b>Child and Family Well-Being</b>			
Families have enhanced capacity to provide for children's needs	70%	29.7%	40.3
Children receive services to meet their educational needs	88%	77.1%	10.9
Children receive services to meet their physical and mental health needs	81%	71%	10

<sup>o</sup> The percentages achieved are based on the CFSR results from May 2007 and January 2010. SSA was required by the U.S. Department of Health and Human Services to achieve a 90 percent success rate for each outcome measure.

As required by federal regulations, SSA must either meet these measures or develop a Program Improvement Plan (PIP) in order to continue receiving federal funding. For example, CFSR measured whether SSA had established permanency and stability in foster children's living situations and it found that currently SSA was only compliant in 22.5 percent of the cases reviewed; yet, in May 2007, SSA was compliant in 67 percent of the cases reviewed. The CFSR is the federal government's program for assessing the performance of state child welfare agencies with regard to achieving positive outcomes for children and families implemented by the ACF. Since SSA did not meet the measures during the latest review, it was required to submit a PIP describing strategies for meeting the CFSR outcomes and for avoiding federal penalties. The PIP was submitted to the ACF on April 5, 2010 and as of January 3, 2011, SSA is awaiting approval for the PIP.

Similar conditions were commented on in our preceding audit report.

### **Recommendation 3**

**We recommend that SSA**

- a. take appropriate action to ensure compliance with foster care services requirements established by State regulations (repeat);**
- b. implement the Program Improvement Plan, in compliance with the federal standards, once approved (repeat); and**
- c. take appropriate action to ensure that the State meets the federal CFSR standards (repeat).**

### **Finding 4**

**SSA did not have a process in place to ensure that reports from foster care group home providers detailing the disposition of overpayments retained from prior years are obtained, as required.**

### **Analysis**

SSA did not have a process in place to ensure that annual reports from foster care group home providers detailing the disposition of foster care overpayments they retained from prior years were submitted, as required. Specifically, as of May 2010, our review of five providers with overpayments for the fiscal year ending June 30, 2008 totaling approximately \$800,000 disclosed that none of the providers submitted a report detailing if the funds were retained or spent. In addition, there was no evidence that SSA had taken follow-up action to obtain the reports from the providers. Consequently, SSA was unable to determine if the funds were properly expended or should have been refunded.

Contracts with foster care group homes stipulate that providers can retain overpayments, totaling up to 10 percent of the annual payments received, for certain allowable purposes such as for future years' operating expenses and for expanding services. The providers are to annually report the disposition of the overpayments, as of December 31<sup>st</sup>. The remaining overpayments that were not used for the allowable purposes are to be refunded to SSA. According to SSA's records, overpayments to 55 providers in fiscal year 2008 totaled \$5.8 million.

### **Recommendation 4**

**We recommend that SSA establish a process to obtain and review all required annual reports detailing the disposition of overpayments retained from prior years to determine the extent of overpayments to be refunded to SSA and take appropriate follow-up action (such as, collecting the overpayments).**

## Child Protective Services

### **Finding 5 (Policy Issue)**

**SSA did not notify the LDSSs when it identified certain children born to individuals who have had their parental rights terminated for abuse or neglect.**

### **Analysis**

SSA did not notify the LDSSs when it identified certain children born to individuals who have had their parental rights terminated for abuse or neglect. Specifically, as of March 2010, SSA identified 159 children who were born between January 2006 and October 2009 to a parent whose parental rights had been terminated before the births. However, we were advised by SSA management that, due to legal concerns, as of August 2010 it had not notified the LDSSs of the counties in which these children reside. As a result, the LDSSs may not have reviewed its records and, when appropriate, provided an assessment of the family and offered services if needed.

Chapter 260, Laws of Maryland, 2009, effective October 1, 2009, requires SSA, in conjunction with the Department of Health and Mental Hygiene (DHMH), to identify children who were born to parents whose parental rights had been terminated for abuse or neglect. The law further provides that SSA notify the LDSS to review its records and, when appropriate, to provide an assessment of the family and offer services if needed. The intent of this law was to identify children residing in potentially unsafe environments. To comply with this law, SSA provided DHMH with a file of individuals whose parental rights had been terminated, as of January 2006. DHMH then matched this file to its records of births from January 2006 to March 2010 and provided the results to SSA for follow-up. Of the 192 children identified by this match, 33 were forwarded by SSA to the applicable LDSSs; the aforementioned 159 children (those born before October 2009) were excluded from follow-up.

SSA management explained that, based on advice received from its legal counsel, it did not notify the LDSSs of these children. SSA's legal counsel advised that the law only applied to newborn infants and because the law was silent regarding the age of a newborn, only children born after the law's effective date of October 1, 2009, should be considered. We questioned the limited applicability and Counsel to the General Assembly advised us that, in its view, the law is ambiguous about its application to children born prior to October 1, 2009, and that there was no law that would prohibit the retroactive application of the law.

Additionally, SSA has raised the possibility that the retroactive application of this law could impact parents 4<sup>th</sup> Amendment rights (unreasonable search and seizure). Counsel to the General Assembly advised that this position might have some applicability in certain cases, but should not be sufficient to establish a blanket prohibition against retroactive application. Although some of the 159 children may already have been assessed by the LDSSs through the normal course of past operations, without referral to the LDSSs for review and assessment, SSA cannot be sure the welfare of these potentially at-risk children has been considered.

#### **Recommendation 5**

**We recommend that if SSA continues to assert that, for legal reasons, it is prohibited from notifying the LDSSs of children born prior to October 1, 2009 to individuals who have had their parental rights terminated for abuse of neglect, then it should obtain an Opinion of the Attorney General, regarding the retroactive application of the law.**

### **Contractual Services**

#### **Finding 6**

**SSA did not have a process in place to obtain supporting documentation for invoices totaling approximately \$3.4 million to ensure the propriety of the contractual services charged.**

#### **Analysis**

SSA did not have a process in place to obtain supporting documentation for invoices related to contracts totaling \$3.4 million that SSA entered into with a State university during fiscal years 2008, 2009, and 2010. Under the terms of the contracts, payments to the university were to be based on the actual time and materials spent by the university. These contracts and invoices were primarily for training provided to SSA staff and LDSS employees.

For example, SSA did not compare labor charges billed with the university's payroll records. Without verifying and obtaining support for these expenses, there is no assurance that SSA obtained the services for which it was billed. This condition was commented upon in our preceding audit report.

#### **Recommendation 6**

**We recommend that SSA obtain and review adequate documentation, such as payroll records, to support the propriety of amounts billed (repeat).**



## **Audit Scope, Objectives, and Methodology**

We have audited the Department of Human Resources (DHR) – Social Services Administration (SSA) for the period beginning July 1, 2007 and ending January 3, 2010. 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. We also determined the status of the findings contained in our preceding audit report.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of materiality and risk. The areas addressed by the audit included CHESSIE, foster care, group homes, child protective services, and contracts. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of SSA's operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

Our audit did not include certain support services provided to SSA by the DHR – Office of the Secretary. These support services (such as payroll, purchasing, maintenance of accounting records, and related fiscal functions) are included within the scope of our audit of the Office of the Secretary. In addition, our audit did not include an evaluation of internal controls for federal financial assistance programs and an assessment of SSA's compliance with federal laws and regulations pertaining to those programs because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including SSA.

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.

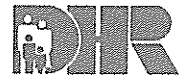
Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate. Our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

DHR's response to our findings and recommendations, on behalf of SSA, is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DHR regarding the results of our review of its response.

## APPENDIX

State of Maryland  
Department of Human Resources



Maryland's Human Services Agency

Martin O'Malley  
Governor

Anthony Brown  
Lt. Governor

Theodore Dallas  
Interim Secretary

March 15, 2011

Bruce A. Myers, CPA  
Legislative Auditor  
Office of the Legislative Audits  
301 West Preston Street – Room 1202  
Baltimore, Maryland 21201

Dear Mr. Myers:

The Department of Human Resources is pleased to provide our response to the audit recommendations included in the Department of Human Resources – Social Services Administration draft audit report, covering the period beginning July 1, 2007 and ending January 3, 2011. Our response indicates significant agreement with the recommendations provided and outlines the corrective actions being implemented.

I hope the information provided will prove satisfactory. I assure you that the Department takes the auditor's findings seriously and the implementation of corrective action is being given prompt attention.

If there are any questions or if any additional information is required, please contact Mr. William E. Johnson, Jr., Inspector General, at 443-378-4060 or [wjohnson@dhr.state.md.us](mailto:wjohnson@dhr.state.md.us).

Sincerely,

A handwritten signature in black ink that reads 'Theodore Dallas'.

Theodore Dallas  
Interim Secretary

Enclosure

cc: Carnitra White, Executive Director, SSA  
William E. Johnson Jr., Inspector General, DHR



**DEPARTMENT OF HUMAN RESOURCES  
SOCIAL SERVICES ADMINISTRATION  
Response to Legislative Audit Findings  
For the Period 7/1/07 to 01/03/10**

**Legislative Auditor Finding 1**

Certain CHESSIE modules, including those for in-home/family preservation and abuse/neglect investigation, contained incomplete and unreliable data hampering SSA's ability to effectively monitor child welfare activities performed by the LDSSs and to accurately report information to the federal government. We recommend "that SSA:

- a. ensure the completeness and reliability of CHESSIE data (repeat), and
- b. ensure that accurate information is reported to the federal ACF (repeat).

**Departmental Response:**

The Department concurs with the recommendations.

The Department notes that the Audit period occurred during the course of the roll out of the implementation of payments from CHESSIE. The implementation of any large scale automated system such as CHESSIE is a complex process. During the early part of the audit period and throughout the end of 2008, the Department undertook intensive efforts, including detailed parallel processing and comparisons of raw data back-ups to CHESSIE reports, to ensure the accuracy of CHESSIE data. SSA has been using the multiple data sources (raw data back-ups and CHESSIE) using the best available source for monitoring and reporting purposes. The raw data back-ups were being used as a test of the reliability of the data in CHESSIE and as the data from these two sources come together, the raw data back-ups will be phased out.

Additionally, during the audit period, the Department implemented a number of enhancements that have corrected some of the deficiencies noted on the report. The Department will also continue to make a significant number of improvements to CHESSIE which will further address the report's recommendations including:

- **Ensure accurate AFCARS (Adoption and Foster Care Analysis and Reporting System) data submission and reports to ACF.**

The CHESSIE system must produce timely and accurate AFCARS data to the federal government. CHESSIE was updated to include data elements that are mandatory for AFCARS and created a forced entry by the worker prior to recording a removal of a child. Additionally, the Department has worked very closely with our federal partners to improve AFCARS reporting and bring Maryland to federal standards. As a result, there have been no federal penalties assessed for incorrect or incomplete AFCARS reporting.

- **Improve Title IV-E Processing:**

This enhancement focused on fixing SSI/SSA reimbursement, alerts for missing IV-E case information, logic for child care expense, "IV-E tickler problems", determination issues for adoption cases and the client income/asset selection screen problem. A number of these issues were identified during the federal IV-E Review.

- **Enhance Current Reports:**

**DEPARTMENT OF HUMAN RESOURCES  
SOCIAL SERVICES ADMINISTRATION  
Response to Legislative Audit Findings  
For the Period 7/1/07 to 01/03/10**

Staff identified 20 existing reports that required modification and improvement. This set of improvements allows the Department to have the most accurate and appropriate data, both reliable and verifiable, to incorporate into financial and statistical reports. These reports are used to measure performance and to drive policy and practice decisions.

**Legislative Auditor Finding 2**

SSA did not establish procedures to effectively monitor foster and kinship care placements to ensure that children were not placed with certain providers. We recommend that SSA establish procedures to ensure that children are not placed with providers in which there was credible evidence of child abuse or neglect, as required, unless the LDSS had reviewed and approved the specific circumstances of the case. For example, to the extent practical, SSA should periodically obtain reports from CHESSIE to help monitor placements.

**Departmental Response:**

The Department concurs with the analysis and recommendations in the report. When we became aware of the findings, the Department immediately reviewed the identified cases to ensure the safety of the child. Our review found no evidence of any child maltreatment in these cases.

As a corrective action, SSA will take the following steps:

- SSA will issue a memo reminding LDSSs of the requirements surrounding this issue no later than April 1, 2011.
- Quarterly after that, SSA will implement the following procedure to ensure that the LDSSs follow these requirements. Namely, SSA will query CHESSIE to identify foster care providers who had children in their custody after a determination was made that there was credible evidence of abuse or neglect. SSA will then review these cases with LDSS staff to ensure that the policy which does allow for continued approval of foster and kinship care has been correctly applied.
- SSA will maintain reports of this monitoring activity for review in future audits.

**Legislative Auditor Finding 3**

SSA had not ensured compliance with foster care service requirements established by certain State and federal regulations. We recommended that SSA:

- a. take appropriate action to ensure compliance with foster care services requirements established by State regulations (repeat);
- b. implement the Program Improvement Plan, in compliance with the federal standards, once approved (repeat); and
- c. take appropriate action to ensure that the State meets the federal CFSR standards (repeat).

**Departmental Response:**

The Department concurs with the finding. Please note, however, the audit report does not include the final numbers for the column labeled “Achieved as of May 2007.” The correct and accurate

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numbers are included in the final report from ACF which can be found at [www.acf.hhs.gov](http://www.acf.hhs.gov) in the child welfare monitoring section.

Although Maryland did not meet the standards for the case review Safety outcomes, the national (CFSR) data standards for Absence of Maltreatment Recurrence are consistently met (see Maryland's aggregate data/data profile, NCANDS data, CWAA data reports). The fact that Maryland did not meet the case review standards but consistently meets the data standard indicates that regardless of whether or caseworkers are completing formal safety and risk assessments, they are making good and appropriate decisions about services, interventions, and (when needed) removal of children from unsafe homes.

The Department also notes that (1) Maryland successfully completed its round one PIP as agreed with the federal authorities and as a result there was no imposition of federal penalties, (2) after Round 1, the federal standards were increased making the Round 2 standards even more difficult to achieve, and (3) no state has ever fully met all federal outcome measures or systemic factors covered in the CSFR review process in either Round 1 or Round 2 to date.

The Department concurs with the substance of the individual recommendations and our response to the specific recommendations is provided below.

**Recommendation a:**

During this fiscal year, SSA has implemented a new continuous quality improvement (CQI) process for the LDSSs which will closely monitor services provided and outcomes to children and families in all LDSS child welfare programs. Specifically for foster children, the new CQI process will measure vital services necessary for their emotional, physical, and educational well-being in a safe environment. Additionally, the Department will conduct on-site reviews to ensure local department compliance with the CQI process as well as foster care service requirements.

**Recommendations b and c:**

The Child and Family Services Reviews (CFSRs) are conducted by the Children's Bureau (CB), within the U.S. Department of Health and Human Services (HHS). The CFSRs are designed to help states improve safety, permanency, and well-being outcomes for children and families who receive services through state child welfare systems. The CFSRs monitor states' conformity with requirements of Title IV-B of the Social Security Act. The first round of reviews took place between 2000 and 2004, and all states, including Maryland, were required to implement Program Improvement Plans (PIPs). Maryland did submit an approved Round 1 PIP and completed it successfully. As a result, there were no federal penalties assessed to the State.

The second round of reviews began in early spring 2007. The CFSRs measure seven outcomes and seven systemic factors. All states have been required to complete a PIP as a result of the review. As of this writing, Maryland has developed its PIP and is still working with the

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Children's Bureau (CB) Regional Office for its approval. Once approved, we will have two years to implement the strategies outlined in the PIP.

**Legislative Auditor Finding 4**

SSA did not have a process in place to ensure that reports from foster care group home providers detailing the disposition of overpayments retained from prior years are obtained, as required. We recommended: "that SSA establish a process to obtain and review all required annual reports detailing the disposition of overpayments retained from prior years to determine the extent of overpayments to be refunded to SSA and take appropriate follow-up action (such as, collecting the overpayments).

**Departmental Response:**

The Department concurs with the finding concerning the disposition of overpayments that had previously been correctly retained from prior years noting that there has been significant progress in obtaining audit reports from providers, reviewing those reports and collecting overpayments. To address this aspect which was found to be deficient, commencing in FY 2010, the Department's Office of the Inspector General (OIG) will review provider's reports to ensure that the audit report includes the disposition of prior year's retained earnings. For those reports that do not address the disposition of retained earnings, the OIG will follow-up by seeking the assistance of SSA to obtain the provider's retained earnings information or by requiring the return of the excess funds if appropriate.

Additionally, the annual notice last mailed by SSA on October 29, 2010 to providers to remind them of the upcoming due date for their annual report and audit now includes a reference to the contractual requirement that the disposition of the prior year's retained earnings must be addressed in the audit report.

**Legislative Auditor Finding 5 (Policy Issue)**

SSA did not notify the LDSSs when it identified certain children born to individuals who have had their parental rights terminated for abuse or neglect. We recommend that if SSA continues to assert that, for legal reasons, it is prohibited from notifying the LDSSs of the children born prior to October 1, 2009 to individuals who have had their parental rights terminated for abuse or neglect, then it should obtain an Opinion of the Attorney General, regarding the retroactive application of the law.

**Departmental Response:**

**Counsel to the Department advised against such notification regarding children born prior to October 1, 2009 while the auditors note that counsel to the General Assembly advised that it could be done.** Since the validity of the finding depends on an interpretation of the existing law and since there are varied interpretations, the Department concurs with the recommendation to seek an opinion from the Attorney General's Office on this matter and will request the assistance of counsel to the Department in that action.

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**Legislative Auditor Finding 6**

SSA did not have a process in place to obtain supporting documentation for invoices totaling approximately \$3.4 million to ensure the propriety of the contractual services charged. We recommended “that SSA obtain and review adequate documentation, such as payroll records, to support the propriety of amounts billed (repeat).

**Departmental Response:**

The Department concurs both with this finding and recommendation. We were advised that the auditors looked at several contracts and found that, while three contracts that were reviewed were adequately monitored, four were not.

SSA will take steps to ensure that all staff with responsibility for these contracts will conduct quarterly, on-site visits to review documentation for randomly selected line items from invoices submitted. The University will provide documentation such as payroll records, vendor invoices, telephone bills, travel receipts, etc. to support items charged to the contracts with the Department. The Department will also continue to receive periodic programmatic reports.

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