

OFFICE OF THE STATE INSPECTOR GENERAL
Report to Commissioner Schultze

*Performance Review
Virginia Department of Social Services*

July 2015



June W. Jennings, CPA
State Inspector General
Report No. 2014-PR-004



COMMONWEALTH OF VIRGINIA
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July 21, 2015

Margaret Schultze, Commissioner
Department of Social Services
801 East Main Street
Richmond, VA 23218

Dear Commissioner Schultze:

Under [§ 2.2-309](#) [A](9) of the *Code of Virginia (Code)*, the Office of the State Inspector General (OSIG) is empowered to conduct performance reviews of state agencies to ensure that state funds are spent as intended and to evaluate the efficiency and effectiveness of programs in accomplishing their purposes. The OSIG conducted a performance review of the Virginia Department of Social Services and the review covered the period of June 1, 2014 through March 9, 2015.

The OSIG's review focused on:

- Agency Operations
- Legal and Regulatory Compliance
- Employee Training and Competency

The Virginia Department of Social Services was selected for review in these areas based on a 2013 statewide risk assessment completed by Deloitte, LLP. This agency was ranked the fifth highest risk agency of all executive branch agencies. The planning phase of the review consisted of conducting interviews with selected members of executive and divisional management, assessing the risks identified during those interviews, and creating a detailed review plan to accomplish the review objectives. The steps in the review plan were executed, and the results were discussed with the Virginia Department of Social Services management on June 29, 2015. Management's responses to this report are in Exhibit 1.

Overall, the Office of the State Inspector General staff found that the Virginia Department of Social Services' (VDSS) agency operations related to human resources and systems availability, legal and regulatory compliance, and training functions were operating effectively and efficiently except for

the issues noted in the attached report. By copy of this letter OSIG is requesting that agency management provide a corrective action plan within two weeks to address this report's recommendations.

OSIG staff appreciate the assistance provided by DSS leadership and your staff as well as those from various local departments of social services during this review.

Sincerely,

[June electronic signature here]

June W. Jennings
State Inspector General

CC: Paul J. Reagan, Chief of Staff to Governor McAuliffe
Suzette P. Denslow, Deputy Chief of Staff to Governor McAuliffe
Dr. William A. Hazel, Jr., Secretary of Health and Human Resources
Senator Frank W. Wagner, Chairman of the Rehabilitation and Social Services Committee
Delegate Robert D. Orrock, Chairman of the Health, Welfare and Institutions Committee
Willie Green, Chairman of the State Board of Social Services

TABLE OF CONTENTS

Executive Summary.....	i
Purpose and Scope of the Review	1
Background.....	3
Introduction.....	3
DSS Appropriations	4
The Importance of Agency Operations	5
Human Resources Management.....	5
IT Systems Availability.....	5
Virginia Case Management System (VaCMS)	6
Regulatory Compliance.....	7
Employee Training and Competency	7
Review Methodology	8
Review Results	10
Agency Operations - Human Resources.....	10
Issue No. 1— The State Supervised and Locally Administered Social Services Model May Not be the Most Efficient and Economical Model	12
Issue No. 2— DSS has No Succession Plan	13
Agency Operations – Systems Availability	14
Issue No. 3— Network Response Time is Inadequate.....	16
Issue No. 4— Help Desk Tickets Not Timely Resolved	17
Issue No. 5— The CommonHelp Icon Link is Not Posted on All LDSS Websites.....	18
Legal and Regulatory Compliance.....	19
Issue No. 6— DSS Will Inherit Increased Responsibility for Protecting Federal Tax Information	20
Employee Training.....	21
Issue No. 7— VaCMS Training is Not Meeting LDSS Staff Needs	23
Issue No. 8— Training Unrelated to VaCMS is Not Timely.....	23
Issue No. 9— VDSS Employee Training is Not Meeting Needs	24
Human Resources.....	25
Fraud, Waste and Abuse Controls	26
Exhibit 1 - Management's Response	27

Executive Summary

Overall, the Office of the State Inspector General staff found that the Virginia Department of Social Services' (VDSS) human resources, systems availability, and training functions were operating effectively and efficiently except as noted in the detailed report.

Office of the State Inspector General (OSIG) staff reached this conclusion after:

- Interviewing the VDSS Executive Management Team to identify where the major risks to agency operations existed.
- Identifying the major risks associated with human resources operations, systems availability, training programs, and legal and regulatory compliance.
- Analyzing the support VDSS HR provides to local departments of social services (LDSS).
- Consulting with the Department of Human Resources Management and the Auditor of Public Accounts.
- Analyzing and evaluating human resources processes and practices in relation to compensation, retention, communication, training, and succession planning.
- Interviewing the Chief Information Officer and the Chief Information Security Officer and reviewing reports related to systems and network availability.
- Interviewing VDSS regional directors and program directors.
- Interviewing a sample of directors at LDSS and then following up with an online survey of the remaining LDSS directors.
- Conducting an online survey of VDSS managers regarding human resources and training topics.
- Analyzing the results of the interviews and the surveys.

OSIG staff identified issues within various areas that if addressed could potentially improve operations:

- The lack of a management succession plan.
- Slow network response time to applications needed to provide client services.
- A large and increasing number of helpdesk tickets for the new Virginia Case Management System (VaCMS).

To improve current processes, OSIG staff recommends:

- The development of a succession plan.
- Improvements to network response time so that LDSS employees can provide services to clients on a more timely basis.
- Resolving helpdesk tickets to ensure that the delivery of services to clients is not impeded and to ensure that the stability of the VaCMS is maintained.

OSIG will consider performing reviews in the future to better evaluate the state supervised and locally administered model of delivering social services and to evaluate the system implementation process of VaCMS.

Purpose and Scope of the Review

The Office of the State Inspector General conducted a performance review of the Virginia Department of Social Services (VDSS) pursuant to *Code of Virginia (Code)* [§ 2.2-309\[A\]\(9\)](#) whereby the State Inspector General shall have power and duty to:

Conduct performance reviews of state agencies to assess the efficiency, effectiveness, or economy of programs and to ascertain, among other things, that sums appropriated have been or are being expended for the purposes for which the appropriation was made and prepare a report for each performance review detailing any findings or recommendations for improving the efficiency, effectiveness, or economy of state agencies, including recommending changes in the law to the Governor and the General Assembly that are necessary to address such findings.

This review was not designed to be a comprehensive review of VDSS. Instead, the focus was on certain risk areas identified through a statewide risk assessment of state agencies. The scope and objectives of the review were established through interviews with management concerning VDSS' risks in these areas:

- Agency Operations
- Legal and Regulatory Compliance
- Employee Training/Competency

Agency operations refer to an agency's unique day to day activities required to deliver its core services to its customers/constituency. VDSS agency management identified the components that would affect their core services as being its workforce which provides social services benefit programs to citizens and the availability of its information technology (IT) systems.

Legal and regulatory compliance refers to the risk in the failure of processes, systems, and resources to support legal and regulatory requirements.

Employee training/competency encompasses the ability to effectively hire or provide employees with the knowledge and skills needed to appropriately perform their duties.¹

The review was conducted in calendar year 2014 and the first quarter of calendar year 2015. In addition to analysis of processes and supporting records, the review included in-person interviews of staff located in the five VDSS regional offices, as well as staff located in twelve selected local departments of social services (LDSS) offices. In addition, electronic surveys were distributed to staff in the remaining 108 LDSS offices and separate surveys were distributed to 67 VDSS managers.

¹ Deloitte's Risk Assessment of the Commonwealth of Virginia, Risk Area Descriptions

The review's objectives included:

1. Determining the effectiveness and efficiency of agency operations that are impacted by human resources management in the areas of compensation, retention, policy guidance, and training, as well as the support of the LDSS.
2. Determining the effectiveness and efficiency of agency operations that are impacted by information technology (IT) systems with respect to network uptime, reliability of the localities' Internet connection, resolution of trouble tickets, and availability of system applications.
3. Determining if VDSS' oversight of LDSS offices provides reasonable assurance that localities are complying with state and federal regulations.
4. Evaluating the adequacy, availability and appropriateness of training for LDSS office employees, as well as VDSS employees.
5. Evaluating whether preventive and detective controls are in place to identify symptoms of fraud, waste, and abuse and to follow-up for resolution, as needed.

Background

Introduction

The VDSS is a state supervised and locally administered social services system that is responsible for promoting the well-being of Virginia citizens through the delivery of essential services and benefits. In this state supervised model, VDSS provides oversight and guidance to 120 LDSS offices across the state. The agency is responsible for the oversight of a wide variety of programs that include Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Medicaid Eligibility Determination, Adoption, Child Care Assistance, Refugee Resettlement Services, and Child and Adult Protective Services.²

In carrying out its responsibilities, VDSS:

- Provides guidance, develops procedures, and provides administrative support;
- Evaluates programs and operations of the local departments;
- Provides administrative supervision, training and technical assistance to LDSS offices;
- Monitors and evaluates VDSS programs and agency operations; and
- Provides hearing officers for appeals and handles licensing, child support, and other Home Office operations.³

VDSS has 5 regional offices and 12 divisions and program areas, including the Office of the Commissioner. VDSS had 1,625 classified employees, and 54 wage employees that oversaw service and program activities and resources in these divisions for over 1.6 million customers as of June 30, 2014.

Virginia is one of 13 states that allows localities to administer federally assisted programs under the state's supervision with the state being held accountable for such programs.⁴ Title 63.2-300 of the Code of Virginia mandates a local social service department in each county and city of the state, or combination thereof, and specifies the duties and responsibilities of the local social services board and the local director as well as the methods of discharging these responsibilities.⁵ The 120 LDSS offices that administer the benefit programs and services to citizens and residents in their communities vary in size across the state from small, with only 4 employees, to large, with hundreds of employees. There are approximately 8,000 LDSS employees statewide.

² Virginia Department of Social Services. About Us. VDSS website. URL:<http://www.dss.virginia.gov/geninfo/index2.cgi>. Accessed May 13, 2015.

³ VDSS. About Us. Manuals: Department of Social Services Local Board Member Handbook, September 2014. VDSS website. URL:<http://www.dss.virginia.gov/about/manuals.html>. Accessed May 13, 2015.

⁴ U.S. Department of Health and Human Services. *National Study of Child Protective Services Systems and Reform Efforts*. URL:<http://aspe.hhs.gov/hsp/cps-status03/state-policy03/chapter2.htm>. Accessed May 13, 2015.

⁵ Virginia Code § 63.2-300. URL:<https://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+63.2-300>. Accessed May 13, 2015.

DSS Appropriations

VDSS has one of the top five largest budgets of all of the state agencies. In fiscal years (FY) 2015 and 2016 the agency's appropriations are approximately \$1.9 billion each.⁶ The VDSS base budget is comprised of approximately 20% general funds, 43% federal funds, and 37% special funds. In addition to these sources, approximately \$210 million per year of local matching funds are expended (the local funds are not appropriated in the state budget).⁷

Department of Social Services ⁸		
	2015	2016
Total for Department of Social Services	\$1,920,648,118	\$1,923,839,441
General Fund Positions	441.21	441.21
Non-general Fund Positions	1,256.29	1,256.29
Position level	1,697.50	1,697.50
Fund Sources: General	\$389,559,617	\$394,791,275
Special	\$699,209,830	\$699,209,830
Dedicated Special Revenue	\$3,235,265	\$3,235,265
Federal Trust	\$828,643,406	\$826,603,071

The following programs make up the majority of the VDSS budget:

Department of Social Services Programs ⁹		
	2015	2016
335 – Self-Sufficiency Programs and Services	\$257,451,028	\$257,451,028
336 – Financial Assistance for Local Social Services	\$406,948,879	\$407,755,740
337 – Child Support Enforcement Services	\$768,731,344	\$768,731,344
338 – Adult Programs	\$38,461,169	\$39,561,169
339 – Child Welfare	\$181,856,821	\$194,717,464

⁶ Department of Planning and Budget. The 2013 Executive Budget Document. Department of Social Services.

URL: <http://dpb.virginia.gov/budget/buddoc13/agency.cfm?agency=765>. Accessed May 13, 2015.

Virginia Performs. View Agency. Department of Social Services (765). Virginia Performs website.

URL: <https://solutions.virginia.gov/pbreports/rdPage.aspx?rdReport=pOperatingPlan&ShowInput=DontShow&ShowToggle=Show&Submitted=Show&selAgency=765&iptShowTotal=Show&selBudgetType=1&rdShowModes=Show>. Accessed May 13, 2105.

Division of Legislative Automated Systems (DLAS). Virginia 2014 Appropriations Act. DLAS website. URL: <http://lis.virginia.gov/cgi-bin/legp604.exe?142+bud+21-A765>. Accessed on May 13, 2015

⁷ Virginia Performs. View Agency. Department of Social Services (765). 2014-2016 VDSS Executive Progress Report. Virginia Performs website. URL: https://solutions.virginia.gov/pbreports/rdPage.aspx?rdReport=vp_AgencyExecutiveProgressReport&selAgency=765&selVersion=2014-16&run=Run. Accessed May 13, 2015.

⁸ DLAS. Virginia 2014 Appropriations Act. DLAS website. URL: <http://lis.virginia.gov/cgi-bin/legp604.exe?142+bud+21-A765>. Accessed May 13, 2015

⁹ DLAS. Virginia 2014 Appropriations Act. Items 335, 336, 337, 338, 339. DLAS website. URL: <http://lis.virginia.gov/cgi-bin/legp604.exe?142+bud+21-336>. Accessed May 13, 2015.

The Importance of Agency Operations

Agency Operations refers to an agency's unique day to day activities required to deliver its core services to its customers or constituency. OSIG met with the VDSS Executive Management Team to determine what factors they considered important to VDSS in delivering its core services. In response, they identified two important components:

- The workforce to provide benefits and services.
- The availability of their information technology (IT) systems.

Human Resources Management

The VDSS Division of Human Resources (VDSS HR) has a unique structure in that the division operates essentially two human resources programs.

- One provides comprehensive human resources services to state employees.
- Another provides the same services to the employees of many of the 120 LDSS offices across the state that do not have a fully functioning human resources department in their locality to comply with Title 5 §900 of the Code of Federal Regulations (CFR).

The CFR requires that state and local governments operate a merit personnel system as a condition of eligibility for Federal assistance or participation in an intergovernmental program.

- 37 of the 120 LDSS offices follow the State Board of Social Services' (SBSS) approved human resources policies developed by VDSS HR. These are often referred to as "non-deviating agencies".
- 57 follow a combination of local and state human resources policies.
- 26 LDSS offices follow their own local human resources policies after review by VDSS HR and approval by the SBSS.¹⁰

In addition, VDSS HR administers the Local Employee Tracking System (LETS), a separate human resources system for tracking all LDSS employees, which is analogous to the Department of Human Resource Management's (DHRM) Personnel Management Information System (PMIS) for state employees.

IT Systems Availability

The availability of VDSS IT systems is essential for LDSS offices to process information for eligibility determination and for providing services and benefits to citizens. Approximately 60 LDSS offices are "full support", meaning that they have Virginia Information Technologies Agency/Northrop Grumman (VITA/NG) infrastructure in place and operate on state provided computers. The other LDSS offices are "shared support", meaning that the locality has its own IT

¹⁰ (State Board of Social Services Meeting 10/15/14)

department and network that have a relationship and a connection to the state systems. The VDSS Division of Information Systems (DIS) is responsible for managing the development and operation of computer-based information for VDSS.¹¹ DIS supports a variety of major mission critical agency systems including the Application Benefit Delivery Automation Project (ADAPT), a menu-driven legacy system that automates most of the processes related to determining eligibility for SNAP, TANF, and certain Medicaid categories and provides case management for those benefit programs.¹² The Division of Information Security is responsible for managing access provided to 10,000 state and local social services employees and for protecting data and ensuring compliance with federal requirements, such as those established by the Internal Revenue Service (IRS) and the Social Security Administration (SSA).

Virginia Case Management System (VaCMS)

VDSS' current focus is on modernizing its eligibility determination system by moving away from the ADAPT legacy system to the new Virginia Case Management System (VaCMS). This project expands the existing VaCMS solution, implemented in June 2012¹³ for the Child Care program, to include the administration of its SNAP, TANF, Medicaid, and EAP (energy assistance program) programs.

VDSS is under a tight schedule to implement the changes to VaCMS. VDSS had only nine months from the time a contract was signed in December 2012 to implement the first phase of the project in order to comply with the requirements of the Affordable Care Act by October 1, 2013. And, initially it had only until October 1, 2015 to complete the second phase of the implementation while still being able to use federal funding. Our understanding based on interviews with VDSS management is that the implementation is a priority of the Secretary of Health and Human Resources. We recognize the complexity and unique challenges of such an aggressive implementation schedule.

During initial meetings with the VDSS Executive Management Team, we were requested not to include VaCMS within the scope of our review. Based on that request, the implementation of the system, the processing of data accurately and completely, and the controls associated with program changes were not considered within our scope. However, the availability of the system's modules in production and the training conducted for using those modules were included in the scope due to the impact these items have on the daily processing operations. Concerns about VaCMS availability and training were brought to our attention in meetings with the LDSS Directors from across the state and also from within VDSS.

¹¹ VDSS. About Us. Manuals: Department of Social Services Local Board Member Handbook, September 2014. VDSS website. URL: <http://www.dss.virginia.gov/about/manuals.html> Accessed May 13, 2015.

¹² Enterprise Delivery System Program (EDSP) RFP (obtained from VDSS Robert Early, Contract Officer)

¹³ VDSS Executive Progress Report (2012-2014 Report)

Regulatory Compliance

Social services is a highly regulated governmental service that is reviewed by the Federal government, the Auditor of Public Accounts, and from within VDSS. Since we were aware that a number of entities at the state and federal levels review VDSS for compliance in the delivery of social services, we decided to focus our attention on issues that may lead to non-compliance.

Employee Training and Competency

From initial interviews of the Division of Training and Development staff, we learned that this division was responsible for providing 100% of the mandatory training to the LDSS agencies, in addition to carrying out needed training identified by the operational divisions. Effective June 25, 2014, VDSS management made a decision to decentralize the Division of Training and Development. Staff responsible for program training was transferred to the program divisions (i.e., Benefit Programs, Child Care/Early Childhood Development, and Family Services). Staff at the Training Centers and those responsible for non-program training was transferred to the Division of Human Resources. The purpose of decentralizing training was to provide the program divisions with maximum flexibility and control in meeting the training needs of the Department as well as the LDSS offices, and to produce a fully trained and skilled workforce to meet the needs of customers.¹⁴ In addition to the program divisions' training, the regional office consultants provide supplemental training to the LDSS offices in the form of monthly or quarterly meetings.

¹⁴ VDSS 2012-14 Strategic Plan

Review Methodology

We conducted this review by:

- Examining the detailed results of Deloitte’s statewide risk assessment.
- Interviewing the VDSS Executive Management Team and Division Directors in relation to the risk areas mentioned in the Deloitte assessment.
- Identifying associated risks for each of the risk areas.
- Establishing performance review objectives (see [*Purpose and Scope of the Review*](#)).
- Developing detailed review procedures to accomplish the established review objectives.

The performance review procedures included:

1. Interviewing the VDSS regional directors and VDSS program directors.
2. Interviewing a sample of LDSS directors.
3. Surveying the LDSS directors not selected for interviews in relation to:
 - Human resources
 - Systems availability
 - Federal and state compliance
 - Training
4. Surveying a selection of VDSS managers in relation to:
 - Human resources
 - Training
 - Protection of Personally Identifiable Information (PII)
5. Analyzing responses from both surveys.
6. Analyzing the support VDSS HR provides to LDSS.
7. Consulting with the Department of Human Resources Management regarding statewide statistics of hiring and retention.
8. Analyzing and evaluating human resources processes and practices in relation to:
 - Compensation tools (pay practices) available and used.
 - VDSS employee retention activities and turnover.

- Communication and distribution of human resources policies and guidance.
 - Training availability and adequacy.
 - Succession planning and development.
9. Interviewing the Chief Information Officer and the Chief Information Security Officer in relation to systems and network availability.
 10. Analyzing the VITA Service Level Agreement requirements and the DIS Production Support Status Report.
 11. Consulting with staff of the Auditor of Public Accounts regarding their review of the VDSS Continuity of Operations Plan (COOP).
 12. Determining through interviews whether training met the LDSS' needs and whether training plans and communication of available training were effective.
 13. Identifying risks associated with fraud, waste, and abuse and determining whether controls to identify such activities were present and functioning.

Review Results

Overall, we found that the Department of Social Services' human resources, systems availability and training functions were operating effectively and efficiently.

As discussed in the [Background Section](#) of this report, the VDSS Executive Management Team asked us not to review the new VaCMS due to its challenges in aggressively implementing the system. However, in the course of interviewing LDSS directors and their staff regarding systems availability and employee training, we could not ignore that the majority mentioned issues with the VaCMS.

As a result of interviews with executive management and division directors, we determined performance review objectives for each of the risk areas and then prepared detailed review procedures to accomplish these objectives. Work associated with each of the objectives (except the objective for assessing fraud) was performed by following a five step approach.

1. In-person interviews of the five VDSS regional office directors were completed in June 2014.
2. In-person interviews of a sample of 12 LDSS agency directors and their staff out of a population of 120 offices were conducted. Most LDSS directors consulted their staff prior to answering our questions.
3. Electronic (web based) surveys were sent to the other 108 LDSS directors. The electronic survey was distributed and we received 86 survey responses. We then analyzed the responses and, where necessary, contacted the LDSS directors for additional information.
4. Electronic (web based) surveys were distributed to a selection of 67 VDSS managers. We received and analyzed 51 responses.
5. Interviews were conducted and documentation analyzed from the responsible parties in the VDSS divisional offices.

Agency Operations - Human Resources

As previously discussed, one of the two critical components deemed by executive management as being integral to the efficient performance of agency operations was the people who perform the work. Within the state supervised and locally administered model of delivering social services, the state employees and the local employees comprise the overall asset of human resources. As such, our work in this area focused on the human resources needs in delivering core services to the public from both the LDSS and VDSS perspectives.

We found from the results of the LDSS interviews that the majority of the LDSS offices (10 of 12 or 83%) received support from the VDSS HR but that 9 of the 12 identified having challenges with the state supervised and locally administered model.

Results of the electronic survey of 86 LDSS directors indicated that most follow VDSS HR's Administrative/Human Resources Manual for Local Departments of Social Services (63 or 73%) and most found VDSS HR's assistance very helpful (62 or 72%). The majority of LDSS offices surveyed also identified challenges with the state supervised and locally administered model (65 or 76%).

Interviews with VDSS HR management were conducted to determine the amount and type of support provided to localities. Within the VDSS HR department is the Local Human Resources Program section which is comprised of a director and nine staff who are responsible for providing consulting, policy guidance, classification, compensation, recruitment, performance management, employee relations, and training for the LDSS offices. They are also responsible for human resources systems servicing both local and state employees including LETS and are responsible for information shared with state and local employees through the agency intranet and the Internet. Although LETS is critical as it captures types of employment data that impacts federal reimbursement, VDSS HR and LDSS staff endure a labor-intensive process each month to ensure employee and position data are accurate (see issue 1 below).

VDSS HR management was also interviewed in relation to the agency's ability to retain employees, their use of DHRM compensation tools (referred to as pay practices), the communication of the availability of the compensation tools/practices to management, and the existence of a program devoted to succession planning. A report of VDSS employee turnover rates was obtained for VDSS HR and compared to a DHRM report of statewide turnover by agency. Results indicate that the percentage of turnover at VDSS is less than the state average. VDSS HR management is aware of and employs all of the DHRM base pay practices and has had success in hiring first choice candidates 93% of the time by utilizing the starting pay tool. VDSS HR management stated that an agency succession plan was developed by the previous Human Resources Director in 2008 but records of this plan cannot be accessed. VDSS HR currently plans to hire a Workforce Planner to develop the agency's succession plan (see issue 2 below).

Based on results of the electronic survey of VDSS managers in relation to DHRM tools available for employee recruitment and retention and VDSS' approach to succession planning, VDSS management is aware of the DHRM tools available for use to attract and retain employees with the most well-known being alternate work schedules and teleworking. The majority of respondents (26 of 51 or 51%) were unaware of how VDSS prepares for succession planning.

ISSUE NO. 1— THE STATE SUPERVISED AND LOCALLY ADMINISTERED SOCIAL SERVICES MODEL MAY NOT BE THE MOST EFFICIENT AND ECONOMICAL MODEL

Virginia’s state supervised and locally administered approach to social services, as set forth in Title 63.2 of the Code of Virginia, has inefficiencies but is perceived by local social service directors as being more effective and flexible in meeting the needs of their localities’ citizens than a state administered model. The Commonwealth of Virginia is one of only thirteen states with this system structure.¹⁵

Survey results from the 86 local social services directors responding indicated through the written comments that the overall consensus was that the state supervised and locally administered model was preferred but had deficiencies especially in the amount of state funding provided, in the dual supervision exercised by local administrative boards and the state, and in matching the budget cycles of both levels of government. As some respondents commented, there is not a cookie cutter solution for providing social services.

We also observed the following challenges for the localities from the survey results:

- Although it was preferred, only 24% identified the current social services system model as being the best arrangement.
- 51% said state match money is all expended before the end of their fiscal year.
- 36% said there is unnecessary bureaucracy with the involvement of both state and local government.
- 19% said there were conflicting instructions coming from the locality and the state’s regional director.

The state provides a high level of service to localities most of which is required by the Code of Federal Regulations (Title 5, Part 900, Subpart F). This includes:

- A local human resources program section dedicated to providing almost the same level of support to the LDSS employees that would be required for a state employee. (73% of the local social service departments relied on VDSS to provide human resource services to local employees).
- A labor intensive monthly process to keep employee and position data accurate in the Local Employee Tracking System (LETS) which is critical in capturing local employment data required for the federal reimbursement.
- Computers, infrastructure, and other computer services to “fully support” LDSS offices. (A discussion of what “fully support” means is included under the section of Agency

¹⁵ U.S. Department of Health and Human Services. *National Study of Child Protective Services Systems and Reform Efforts*. URL: <http://aspe.hhs.gov/hsp/cps-status03/state-policy03/chapter2.htm>. Accessed May 13, 2015.

Operations – Systems Availability below.) Our survey indicated 70% (60 of 86) of localities responding to the survey were fully supported with regard to their IT relationship with VDSS.

Overall, it appears to take more effort and resources to operate social services programs in Virginia under the state supervised and locally administered model than it would if it were a state administered model. However, a state administered model may limit the effectiveness of the programs provided to local citizens and would take more state funding to operate social services at strictly a state level, unless localities were required to help defray the costs.

Since the scope of our review did not include a full assessment of the state supervised and locally administered model of delivering social services, we made no recommendations related to this issue. Instead, a future OSIG project to assess the efficiency and effectiveness of the state supervised and locally administered model will be considered.

ISSUE NO. 1 MANAGEMENT’S RESPONSE

The model that the Virginia Social Services System (VSSS) operates under is based on Title 63.2 of the Code of Virginia and is beyond the direct control of VDSS. Numerous studies have been completed over the years without recommendation for the state to take over administration of the Virginia Social Services System (VSSS). (Management’s complete response to this issue is located in Exhibit 1.)

ISSUE NO. 2— DSS HAS NO SUCCESSION PLAN

The VDSS does not have a succession plan. Based on interviews with management, a succession plan was being developed in 2008 but was never completed. Additionally, 15 of 51 (29%) of VDSS’ managers surveyed responded that the department does not prepare employees to take over key responsibilities while 26 (51%) responded that they were unaware of how the department develops a succession plan.

The Department of Human Resource Management provided the following suggestions to follow when developing a succession plan:

- Look at workforce data and identify the critical positions and the associated risks with each of these positions (i.e., identify key knowledge, skills, and abilities that one must have in order to perform in these positions).
- Provide a back-up plan for managing these critical positions should they become vacant.
- Cross-train individuals on various jobs in their departments.

- Review succession plans developed by other state agencies such as the Department of Motor Vehicles (DMV), the Department of Health (DOH), and the Department of Transportation (VDOT).

Without adequate succession planning, key positions may not be filled with knowledgeable, experienced staff in the future which could affect VDSS' ability to fulfill its mission.

ISSUE NO. 2 RECOMMENDATION

VDSS should consider contacting agencies with successful succession plans such as DMV, DOH, or VDOT, and ask for a copy of their plans to use as a guide when developing a succession plan of its own. VDSS should ask for the assistance of DHRM as needed.

ISSUE NO. 2 MANAGEMENT'S RESPONSE

The VDSS agrees that no formal succession plan exists today. (Management's complete response to this issue is located in Exhibit 1.)

Agency Operations - Systems Availability

As previously discussed, the second of the two critical components deemed by executive management as being integral to the efficient performance of agency operations was the availability of information systems to process transactions supporting the delivery of services. Within the state supervised and locally administered model of delivering social services, the information systems provided by VDSS are largely used by the LDSS. As such, our work in this area focused on the availability of VDSS IT systems for processing the data entered by the LDSS offices' staff so that they could continue to deliver core services to the public.

VDSS described two types of system delivery to the LDSS offices. One type of system delivery is considered "full support". Approximately 60 localities use this system delivery which means they operate on state supported networks using state provided computers. The other localities use a "shared support" system delivery which means that they have their own IT departments and networks that connect to the state network.

Results of the LDSS interviews in relation to the system availability questions indicated that the majority of the LDSS offices (10 of 12 or 83%; 6 of which were full support and 4 of which were shared support) from our sample identified slow system response time, also known as system latency, as an issue. The system latency problem frequently resulted in the system becoming unresponsive, commonly referred to as "timing out". In addition:

- 4 of 12 (33%) offices were unable to use web applications for a period of time of up to a day and a couple of times per month. All 4 were full support offices.

- 7 of 12 (58%) offices cited system unavailability issues, with most offices identifying issues with the new VaCMS.
- All 12 (100%) of the offices stated that they contact the VITA Customer Care Center (VCCC - VITA Helpdesk) when computer or system problems occur.

Results of the electronic survey of LDSS offices concerning the availability of the network indicated that the majority of LDSS offices (69 of 86 or 80%) experienced a slow network within the past 30 days. In addition, 55 of 86 (64%) LDSS offices experienced downtime because the state network was down and 15 of 86 (17%) experienced downtime because the local network was down.

Interviews with VDSS regional management were conducted to determine their awareness of issues the LDSS offices are having with unavailable systems/applications and slow resolution of VITA trouble tickets. The regional directors were aware of issues related to VaCMS for LDSS offices and occasional issues with other systems/applications. Of the 5 regional offices, 2 occasionally are contacted to assist in resolving system issues when LDSS offices have not been successful in getting VITA to resolve them.

The VITA Customer Account Manager (CAM) for the VDSS was interviewed to determine the services provided by VITA under the Service Level Agreement (SLA) between VDSS and VITA. VITA produces reports available to the VDSS Chief Information Officer (CIO) and the Chief Information Security Officer (CISO), including daily bandwidth or network capacity reports. These reports are very detailed, but only through significant human effort and analysis can they be used to determine issues at a specific LDSS office. The reports are provided on a monthly basis and are available for use by VDSS to monitor network performance. The CAM indicated that agency-specific reports can be requested and can be modified via the VITA helpdesk if the reports are not meeting VDSS' needs in identifying latency issues.

Interviews of the VDSS CISO and CIO were conducted to identify the handling of issues in relation to system availability and system latency. The CISO indicated that there have been issues with system latency at remote local sites but attributes one LDSS office's issue to the use of non-supported/outdated equipment. Bandwidth problems have also been identified but are attributed to people abusing the Internet connection. The CIO stated that daily meetings are held with the operational divisions to verify that their systems are operational. The DIS creates a daily "DIS Production Support Status Report" to monitor systems availability and to identify outstanding trouble tickets. The CIO stated that although VITA provides systems availability reports, these reports are not clear as to the actual bandwidth usage and only show averages. The CIO indicated they do not have time to review these reports at the level of detail required for them to be beneficial (see issue 3 below).

The VCCC receives helpdesk calls from LDSS offices and by asking a specific set of knowledge based questions determines if the issue is computer hardware or application related. Hardware related issues are handled and monitored by VITA and all application issues are forwarded to the VDSS helpdesk for resolution. VDSS forwards helpdesk tickets that relate to VaCMS issues to the vendor responsible for implementing the new system for resolution. Results of the electronic survey indicate that 80 of 86 (93%) LDSS offices experience delays in getting helpdesk tickets resolved. After submitting the tickets to VCCC, LDSS offices assume that either the VCCC or VDSS is addressing the issue and are frustrated by not receiving communication on the status of unresolved tickets. A comparison of the DIS Daily Production Status Report from October 2014 with the January 2015 report shows an increase in trouble tickets, with the majority related to VaCMS (see issue 4 below).

During the course of our work, we visited several LDSS websites. During those visits we noted that the CommonHelp icon link to the self-service CommonHelp website was not always present (see issue 5 below).

ISSUE NO. 3— NETWORK RESPONSE TIME IS INADEQUATE

Network latency is an issue. Survey results indicated that 69 of 86 (80%) LDSS directors reported that they had experienced the network running slow in the past 30 days. A follow up survey sent to these same 69 respondents regarding this issue indicated that 35 (51%) still said that the network continued to run slowly. Nine of 35 (26%) respondents experienced delays of 30 seconds or more to get to the next screen, populate a field, perform a function or inquiry etc., once the appropriate key (Enter key, F key, Tab key, etc.) had been pressed. According to 17 of 35 (49%) respondents, network response time is dependent upon the application accessed by the user. In addition, follow up survey respondents commented that the network runs slowly during the first of the month, 10th through the 16th of the month, and at the end of the month.

Discussions with VDSS' Division of Information Systems management and Division of Information Security management revealed that they are aware of the network latency issue. One mitigating strategy has been to allow the VaCMS application to take precedence over all other network activity. Management stated that an agency-wide bandwidth analysis has not been performed. However, an analysis is performed when requested by an LDSS director who suspects an employee may be abusing network resources.

Management has also identified five categories of websites to block employee access to in order to improve network response time. Of the five categories, two ("sports" and YouTube) were initially blocked. All sports websites remain blocked. YouTube videos were initially blocked, but it was later discovered that legitimate job-related training is provided via YouTube and access was restored.

Because the number of network latency complaints decreased after blocking the sports websites, management outside of the Division of Information Systems and the Division of Information Security decided not to block the three remaining categories.

The network latency issue may occur for several reasons. For example, the use of certain applications may delay response time. Volume and type of network traffic and employee abuse may also delay response time. The network latency issue can affect the productivity of LDSS personnel by limiting their ability to adequately serve the citizens of the Commonwealth of Virginia and to fulfill the mission of the Virginia Department of Social Services.

Issue No. 3 Recommendation

VDSS should identify strategies and resources that will allow network usage to be better analyzed and then monitor the usage on an ongoing basis to identify the causes of the network latency. Management should also consider blocking employees' access to the remaining categories of websites after taking into account the impact on business needs.

ISSUE NO. 3 MANAGEMENT'S RESPONSE

The network is provided to VDSS by the Virginia Information Technologies Agency (VITA). While the Department can influence network capacity by working with VITA, we do not control the network and do not have the tools to identify all capacity constraints. Actions have been taken to block some websites in order to address network bandwidth and in some cases capacity has been expanded. It is not clear from the report whether latency issues are related to the network, the application, the servers, or the personal computers used by local workers. (Management's complete response to this issue is located in Exhibit 1.)

ISSUE NO. 4— HELP DESK TICKETS NOT TIMELY RESOLVED

Help desk (trouble) tickets submitted by end-users are not being resolved timely. Survey results indicated that 80 of 86 (93%) LDSS directors experienced occasional to many delays in getting trouble tickets resolved by the VITA Customer Care Center (VCCC), while only 6 of 86 (7%) LDSS directors experienced no delays. During a follow up telephone survey of 11 LDSS directors, 6 of the 11 (55%) brought up the issue of outstanding trouble tickets, without any inquiry from us. In two instances, respondents stated that these unresolved tickets have impacted the timeliness in which clients receive services.

Discussions with DIS personnel revealed that delays in resolving tickets may not always be the fault of the VCCC. When a ticket is received by the VCCC and they determine that the trouble ticket is application-related, the ticket is referred to the VDSS Help Desk for resolution. Our review of the DIS Production Support Status Report as of October 22, 2014 revealed that 1,757 trouble tickets

were being addressed of which 1,307 (74%) related to VaCMS. Our review of the DIS Production Support Status Report as of January 21, 2015 revealed that 1,826 trouble tickets were being addressed of which 1,432 (78%) related to VaCMS. DIS personnel attribute the 10% increase in the number of VaCMS-related trouble tickets submitted and the delays in addressing the submitted trouble tickets to the aggressive system implementation of the new VaCMS.

Due to the aggressive implementation of VaCMS, application trouble tickets are not being addressed timely which is causing end-users to become frustrated. Failure by management to adequately explain the priority of the system implementation over the investigation and clearance of trouble tickets further adds to the end-users' frustrations.

Issue No. 4 Recommendation

VDSS should analyze outstanding help desk tickets and resolve them to ensure that the delivery of services to clients is not impacted and to ensure that the stability of the new VaCMS is maintained as development moves toward implementing additional modules.

Since the scope of our review did not include a review of the VaCMS implementation, we made no recommendations related to that issue. Instead, a future OSIG project to review the efficiency and effectiveness of the VaCMS implementation will be considered.

ISSUE NO. 4 MANAGEMENT'S RESPONSE

With implementation of the Commonwealth's new eligibility and enrollment system – VaCMS, the number of help desk tickets increased. These numbers go up and down as releases are made to enhance system operations and provide increased functionality. As of July 2, 2015, the number of VaCMS tickets was down to 831 from the 1,432 tickets cited in the report. (Management's complete response to this issue is located in Exhibit 1.)

ISSUE NO. 5— THE COMMONHELP ICON LINK IS NOT POSTED ON ALL LDSS WEBSITES



During the course of our review we noticed that the CommonHelp icon link is not posted on all of the Local Department of Social Services (LDSS) office websites. The CommonHelp icon link directs applicants to the CommonHelp website where they can apply for benefits. Without the link, LDSS staff must spend additional time answering calls and questions from prospective applicants.

Issue No. 5 Recommendation

VDSS should encourage all LDSS directors to prominently post the icon link on their websites.

ISSUE NO. 5 MANAGEMENT'S RESPONSE

VDSS agrees and will continue to encourage local departments to include the CommonHelp link on their websites.

Legal and Regulatory Compliance

VDSS undergoes a number of compliance reviews at both the state and federal levels. Rather than add to the number of compliance reviews, our work in this area focused on the factors that could affect compliance with state and federal regulations such as caseloads and susceptibility to penalties. Our work also focused on risks associated with the management of federal tax information and personally identifiable information (PII).

With respect to determining if increased caseloads have had any effect on the locality's ability to comply with regulations, the LDSS interview results indicated that the majority of LDSS offices (9 of 12) has experienced an increase in caseloads. The caseload increase has affected the ability of 7 of these LDSS offices to administer and process Medicaid applications. The LDSS offices have handled the increase by hiring additional staff or having staff work overtime in order to comply with the 45 day processing requirement for Medicaid applications. All 12 LDSS offices stated that they were not aware of any federal penalties imposed for non-compliance. In addition, all 12 LDSS directors interviewed stated that PII is physically secured.

Of those LDSS directors responding to our electronic (web based) survey, 81 of 86 (94%) identified an increase in caseloads. Of the 86 who responded, 55 (64%) stated that they were late in processing eligibility determination documents and enrollment applications, and 72 (84%) stated that errors were made as a result of increased caseloads. Our survey did not include questions related to the security of PII based on the positive results from the interviews of the 12 LDSS directors as discussed above.

Interviews with VDSS program managers were conducted to determine the VDSS programs susceptible to federal penalties. VDSS managers indicated few programs are subject to federal penalties and any penalties they incur are very infrequent. A program that is susceptible to federal penalties is the Title IV-E program. Title IV-E is a federal program designed to provide funding to states to ensure proper care for eligible children in foster care and to provide ongoing assistance to eligible children with special needs receiving adoption subsidies.¹⁶ The Auditor of Public Accounts

¹⁶ VDSS. Adoption & Foster Care. Title IV-E. VDSS website. URL:<http://www.dss.virginia.gov/geninfo/index2.cgi>. Accessed May 13, 2015.

performed extensive work in the area of Title IV-E penalties which includes work focused on sub-recipient monitoring. Because of the APA's work, we did not include Title IV-E in our scope.

Results of the electronic survey of VDSS managers found that 45 of 51 (88%) managers had PII in their offices. Of the 45 managers who have PII in their offices, 43 (96%) kept the paper documents in locked cabinets, 35 (78%) limited access to areas where PII is handled, 42 (93%) shut down or lock computers when leaving them unattended, and 32 (71%) left no information on desks. Overall, we commend VDSS and LDSS employees for their protection of PII by using locked cabinets, by securing computers, and by removing PII from their desks.

VDSS managers interviewed stated that the Internal Revenue Service's (IRS) Safeguard Review of VDSS in November 2013 produced 33 findings. The Safeguard Review is the primary source for agencies to report to the IRS on the processes, procedures, and security controls in place to protect Federal Tax Information (FTI) in accordance with federal regulations.¹⁷ OSIG's review was limited to the IRS finding related to the processing, storing, accessing, and transmitting of FTI on Northrop Grumman (NG)-owned equipment and VDSS' corrective action plan to address the finding. At the time of our review VDSS planned to remove all FTI data from NG servers and to maintain the data on VDSS-owned and controlled servers (see issue 6 below). However, as we were preparing this report we were informed that VDSS may be exploring other options such as taking control over encryption keys from NG. This option would require IRS permission.

ISSUE NO. 6— DSS WILL INHERIT INCREASED RESPONSIBILITY FOR PROTECTING FEDERAL TAX INFORMATION

The VDSS FTI is stored on NG servers which is not allowed by Internal Revenue Service (IRS) Publication 1075 section 4.7.1. At the time of our review, VDSS planned to have all FTI data removed from NG servers and placed on VDSS-owned and controlled servers to be located at VDSS to address this issue.

By taking control/ownership of the FTI data and the servers the data will reside on, VDSS will be in compliance with the IRS regulations but will also be assuming the risk associated with the control/ownership of that data. VDSS will then be responsible for administering the security policy and maintaining control over the system configuration of all computers and equipment used to process, store, backup, access, and transmit FTI data.

¹⁷ IRS Website <http://www.irs.gov/uac/Safeguard-Security-Report-page>, Accessed May 12, 2015

Issue No. 6 Recommendation

VDSS should follow through with the planned data migration in order to comply with IRS regulations. At the time the data are migrated, VDSS must ensure that the appropriate controls over the data, formerly provided by the Virginia Information Technologies Agency/Northrop Grumman (VITA/NG), are in place and functioning.

ISSUE NO. 6 MANAGEMENT'S RESPONSE

VDSS disagrees that there will be any shift in responsibility related to who has physical custody of federal tax information (FTI). VDSS has always been fully responsible for the security of the FTI as the recipient of this data from the Internal Revenue Service (IRS). We have been consistently working for a solution to resolve a five-year-old Internal Revenue Service (IRS) audit finding regarding contractor Northrop Grumman (NG) access. (Management's complete response to this issue is located in Exhibit 1.)

Employee Training

Our initial focus was to evaluate the effectiveness of the VDSS Training and Development Division. However, as discussed in more detail below, the Training and Development Division was absorbed by the Division of Human Resources and the various program divisions. Although we altered planned procedures in response to the organizational change so as not to evaluate outdated processes, our work in this area still focused on the availability and effectiveness of training to facilitate the deliverance of core services, from both the LDSS and VDSS perspectives.

Results of the LDSS interviews indicated that the majority of the LDSS directors (11 of 12 or 92%) receive adequate mandatory training, while 10 of 12 (83%) LDSS directors stated that non-mandatory training is provided when needed. Only 1 of 12 (8%) LDSS directors stated that VaCMS training was adequate and most offices indicated that the concept of training one employee in each LDSS office on VaCMS to go back and train the other employees was unsuccessful. Of 12 LDSS directors, only 4 (33%) stated that the VaCMS training was improving. Also, 11 of 12 (92%) LDSS directors stated that they cross-train employees and one (8%) director interviewed from a larger LDSS office stated that the office maintains its own training team to provide information on policies and procedures, new worker training, and on VaCMS training.

Results of the electronic survey of LDSS directors found that 24 of 86 (28%) considered training (excluding VaCMS) to be unavailable. Of the 86 LDSS directors responding, only 12 (14%) found the training to be very effective. In addition, 35 of 86 (41%) LDSS directors found VaCMS training unavailable and only 3 (3%) found the training to be very effective (see issue 7 below).

As mentioned above, VDSS management made a decision to decentralize training effective June 25, 2014. Management stated that program divisions preferred to have control over their own training

and found advantages to this structure. In addition, VDSS HR took over the responsibility of the non-program training/infrastructure [Knowledge Center (KC) and training centers]. Since the responsibility and control of training changed and was being transferred to each program division, the divisions as well as VDSS HR management were interviewed to determine the impact of decentralizing training and how training is being provided to LDSS offices. The program division directors stated that the transition of decentralized training has been seamless since basically the only real difference was the reporting structure for the employees responsible for training. They also stated that VaCMS training was given priority over the scheduling of the other training in the computer labs and therefore contributed to delays in finalizing training schedules for other divisions (see issue 8 below). Program divisions also mentioned that the VaCMS training priority was a reason for a lag in non-VaCMS training.

The program division directors interviewed stated that training evaluations are provided at the end of most courses to obtain feedback to determine if needs were met or if additional training may be needed. One director mentioned that the division is working on more of a behavioral based assessment of training. Another mentioned they were in the process of developing a type of transfer of learning procedure to follow-up with individuals after they return to their office from training.

In addition to interviews of the VDSS program divisions staff, we requested the VDSS regional directors to provide information related to the supplemental training that the regional consultants are providing to LDSS offices. Of the 5 VDSS regional directors, 4 responded after receiving input from the regional consultants, that regional office consultants provide a significant amount of supplemental training. The training provided includes refresher training for benefit programs, training to update staff when new regulations are issued or existing ones are changed, assistance in policy clarification, and assistance in addressing staff's VaCMS challenges.

Available training is communicated in a variety of ways. The majority of training is listed in the KC. Interviews with program division directors indicated that training is communicated by sending broadcast messages via VDSS' intranet site (Spark). Regional consultants are emailed when new sessions are available and guidance changes occur and they in turn relay this information to LDSS offices.

In an electronic survey of 51 VDSS managers, 28 (55%) responded that VDSS employees do not receive sufficient training to perform their job duties. A variety of reasons were given by the respondents for this situation, with the main reasons being that too much reliance is placed on the KC to provide the needed training and that not enough funds for training are available (see issue 9 below).

ISSUE NO. 7— VACMS TRAINING IS NOT MEETING LDSS STAFF NEEDS

The VDSS encountered difficulties in training LDSS staff in using the new VaCMS due to the aggressive implementation of the new system. Only 24 of 86 (28%) respondents stated that the VaCMS training met their needs, with only 43 (50%) rating the VaCMS training as effective. Also, only 51 of 86 (59%) respondents rated VaCMS training to be available when needed.

Follow up contacts conducted in March 2015 found that only 5 of 11 (45%) LDSS directors interviewed were of the opinion that VaCMS training had improved to meet their employees' needs. Also, 7 of the 11 (64%) stated that processing a case in VaCMS takes longer than it used to in the old system and 4 (36%) indicated that there is a current backlog of cases in their office due to the inadequate VaCMS training provided.

Providing more support staff to properly implement the VaCMS and providing more frequent and more specific VaCMS training would benefit the LDSS offices and improve their staffs' ability to efficiently use the VaCMS.

Issue No. 7 Recommendation

VDSS should continue to improve training and the availability of training to meet the needs of the localities.

ISSUE NO. 7 MANAGEMENT'S RESPONSE

Given the nine months available for the design, development, testing and implementation of a new enterprise system – VaCMS, system-related training initially suffered. Post-MAGI implementation, VDSS added training sessions for all phases of VaCMS implementation. A total of 65 VaCMS supplemental training sessions were added during calendar year 2014. (Management's complete response to this issue is located in Exhibit 1.)

ISSUE NO. 8— TRAINING UNRELATED TO VACMS IS NOT TIMELY

Needed training for legacy systems such as ADAPT, the Medicaid Management Information System (MMIS), and LETS is not being provided when needed due to management's belief that such training is not needed and that the VaCMS training should be given top priority. The Benefit Programs, Childcare and Early Childhood Development, and Human Resources divisions identified delays in scheduling such training because of the VaCMS training priority.

Additionally, 9 of 11 (82%) LDSS directors interviewed by telephone stated that their employees still needed training on the legacy systems, especially the new employees, and that existing employees needed to be cross trained. The remaining two (18%) directors had not experienced any turnover

which would have necessitated training for new hires. In two (18%) instances localities had diverted resources from providing services to clients to providing their own training on the legacy systems through either hiring a trainer or having existing supervisors provide the training. In 6 (55%) instances, the LDSS had experienced either increased case backlogs or increased errors as a result of the absence of such training, thus causing delays in providing necessary services to clients.

The Deputy Commissioner stated that priority for VaCMS training has had no impact on child welfare/child support training; however other public assistance training has been sacrificed. Focusing solely on VaCMS training may have an adverse effect on other program training that is essential to LDSS agencies as they continue to try to provide necessary services.

Issue No. 8 Recommendation

The VDSS should adopt a more balanced approach to providing training. While we understand the need to provide the critical VaCMS training, the VDSS needs to provide timely training on the legacy systems as well in order to ensure clients receive timely, accurate service.

ISSUE NO. 8 MANAGEMENT'S RESPONSE

VDSS has a couple of concerns in the statements regarding this finding. First, it is not clear how the conclusion was reached in the report stating that “due to management’s belief that such training is not needed and that the VaCMS training should be given top priority.” There was never an indication that legacy training was not needed, but VDSS did make VaCMS supplemental training a priority during 2014, as it was needed to support the new system (please refer to issue #7). Second, there was never an indication that VaCMS training would be a sole focus, just that it had been made a priority over other training requiring computer labs. (Management’s complete response to this issue is located in Exhibit 1.)

ISSUE NO. 9— VDSS EMPLOYEE TRAINING IS NOT MEETING NEEDS

A significant number of managers indicated that improvements needed to be made to the training provided to their employees.

Of the 51 responses to our survey from VDSS management, 28 (55%) respondents indicated that the overall training was not sufficient to enable the employees to perform their job duties properly. Explanations given for their ratings included:

- too much reliance on the Knowledge Center to provide all of their training needs,
- the lack of specific training in areas such as:
 - employee development,
 - basic software application skills (such as MS Word, Excel),

- how to deal with personnel issues (hiring/firing, conflict resolution),
- supervisory/team leadership skills (such as motivational skills and team building skills),
- compliance (core training not only for compliance with human resources policies and procedures but also compliance with common federal laws, state regulations, conflict of interest rules, and risk assessment and internal controls).

Providing the kinds of training mentioned above will better enable employees to perform their duties.

Issue No. 9 Recommendation

VDSS should evaluate the reliance being placed on the Knowledge Center to provide much of its training needs. VDSS should expand the training provided to include the specific training identified above, employee and supervisory development skills training, and policy compliance training.

ISSUE NO. 9 MANAGEMENT'S RESPONSE

VDSS agrees that improvements are needed to provide training in such areas as employee development, computer skills, supervisory/team leadership, and compliance or mandatory training. (Management's complete response to this issue is located in Exhibit 1.)

Human Resources

Our scope included a review of the effectiveness of the human resources department from an agency operations perspective. Therefore, our work in this area focused on how effectively human resources staff delivers core services to VDSS employees and if VDSS HR staffing is sufficient to perform these services. The core services provided include recruitment, classification and compensation, employee relations, performance management, policy/guidance development and interpretation, and training.

From our survey of 51 members of VDSS management we noted the following:

- 26 (51%) said they were aware of and understood human resources policy
- 36 (71%) said they were aware of and understood the hiring process
- 48 (94%) said they understood the performance evaluation process
- 47 (92%) said they understood the leave policies
- 47 (92%) said they found VDSS HR was somewhat or very helpful

Based on interviews with the Human Resources Director, VDSS HR has sufficient employees to provide services to VDSS. We also found from data provided through DHRM that VDSS has a ratio of 1 HR employee to 54 agency employees while the statewide average is 1 human resources employee to 62 agency employees. However, when taking into account the local employees to whom

services are provided, we estimated that an effective ratio of 1 human resources employee to 122 employees existed.

Additionally, based on an analysis that included a review and comparison of VDSS human resources policies with statewide (DHRM) policies, we found that VDSS policies were in line with state policies. We also found that the average recruitment time for VDSS was 83 days which was less than the 88 day statewide average. VDSS HR is also investigating the possible use of a web-based performance evaluation tool to replace an overly manual process that is used by VDSS as well as other state agencies. We commend VDSS for being proactive in this area.

Overall, it appears that VDSS HR is effective and has the necessary staff to provide core services to the agency employees but that ability is strained by the need to provide services to the localities' employees.

Fraud, Waste and Abuse Controls

As part of the performance review, we considered the risk of fraud, waste and abuse. Based on the areas we focused upon, employees and systems availability, we considered the risk of fraud to be low. Note that although we focused on employees, we did not perform a payroll review. Such a review would have a higher risk of fraud.

During our review we came across a situation that appeared to be a waste of state resources. After further investigation we determined that the use of the resources was acceptable and provided a benefit to the State. No other instances of possible fraud, waste, or abuse came to our attention during the review.

Exhibit 1 - Management's Response



COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES
Office of the Commissioner

Margaret Ross Schultze
Commissioner

July 14, 2015

Ms. June W. Jennings, State Inspector General
Office of the State Inspector General
101 North 14th Street, 7th Floor
Richmond, VA 23219

Dear Ms. Jennings:

The Virginia Department of Social Services (VDSS) appreciates the opportunity to respond to the Office of the State Inspector General (OSIG) performance review of the three areas included in your review over the past eighteen months. Your review identified some opportunities for VDSS to improve current practices which we will make a priority moving forward.

VDSS is the recipient of numerous audits and reviews by our federal partners including the Administration for Children and Families, the Food and Nutrition Service, and the Centers for Medicaid and Medicare Services, the Auditor of Public Accounts, and the Joint Legislative Audit and Review Commission. These audits and reviews consistently identify opportunities for improving performance. This was VDSS's first review by the OSIG. Given the eighteen months invested by OSIG staff and VDSS staff in completing the review, little was revealed that was not previously known. For the most part, the issues identified result from surveys or anecdotal information, but very little hard data. It would be helpful as we move forward to understand the data utilized to formulate the conclusions contained in the report.

Regarding the nine issues identified in the report, VDSS has little or no control over some of the identified issues. In those instances where VDSS has control of the identified issues, we agree with some and disagree with others.

Issue #1 – The State Supervised and Locally Administered Social Services Model May Not be the Most Efficient and Economical Model:

The model that the Virginia Social Services System (VSSS) operates under is based on Title 63.2 of the Code of Virginia and is beyond the direct control of VDSS. Numerous studies

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Ms. June W. Jennings
July 14, 2015
Page 2

have been completed over the years without recommendation for the state to take over administration of the Virginia Social Services System (VSSS). Two primary factors drive maintenance of the status quo – funding and staffing. Localities contribute approximately \$200M per year to the financing of the VSSS. Additionally, there are approximately 8,000 local employees that would need to become state employees if the state were to take over system administration.

Whether state funding of the VSSS is sufficient, is a matter of what segment of the local department budget one considers. Section 63.2-401 of the Code of Virginia states that localities are to be reimbursed not less than 50% of the cost of social services administration. For state fiscal year 2014, the percentage of local funding for staff and operations was 33%, compared to the state general fund share of 20%. The outlook shifts significantly when looking at the overall costs of local departments. State general funds compromised 31% of total local department expenditures compared to 25% local funds during state fiscal year 2014. It should also be noted that VDSS is limited to distributing the general funds appropriated for each local department to public assistance or social services activity.

Issue #2 – DSS has No Succession Plan:

The VDSS agrees that no formal succession plan exists today. The Department has recently hired a workforce planner who will immediately begin to focus on succession issues within the VSSS. The Department will work to identify critical positions that are at risk of turnover, develop appropriate knowledge transfer plans, and focus on local director turnover which has been significant in recent years.

Issue #3 – Network Response Time is Inadequate:

The network is provided to VDSS by the Virginia Information Technologies Agency (VITA). While the Department can influence network capacity by working with VITA, we do not control the network and do not have the tools to identify all capacity constraints. Actions have been taken to block some websites in order to address network bandwidth and in some cases capacity has been expanded. It is not clear from the report whether latency issues are related to the network, the application, the servers, or the personal computers used by local workers. Inefficiencies in any of these can manifest as issues with network latency to the end-user. A more comprehensive review would need to be completed by VITA to identify the root cause of the “network” latency. VDSS has submitted requests for upgrades to network bandwidth for nine sites where known issues exist. In addition, a work request has been submitted to VITA to analyze potential network bandwidth issues that could result from the upcoming implementation of a document management and imaging system.

Issue #4 – Help Desk Tickets Not Timely Resolved:

With implementation of the Commonwealth’s new eligibility and enrollment system – VaCMS, the number of help desk tickets increased. These numbers go up and down as releases are made to enhance system operations and provide increased functionality. As of July 2, 2015, the number of VaCMS tickets was down to 831 from the 1,432 tickets cited in the report. Focus has been placed on resolving help desk tickets. This effort will continue as additional releases

Ms. June W. Jennings
July 14, 2015
Page 3

are set for this fall and next spring which are likely to increase the number of help desk tickets. We can confirm that the number of tickets on hand is not impacting client service delivery. As of June 26, 2015, we were processing MAGI Medicaid applications faster than when they were being processed via the legacy ADAPT system. The average age of an application stood at 23 days compared to the average application processing time of 24.42 days when ADAPT was the system of record. This is with a 40% growth in MAGI Medicaid application volume.

Issue #5 – The CommonHelp Icon Link is Not Posted on All LDSS Websites:

VDSS agrees and will continue to encourage local departments to include the CommonHelp link on their websites.

Issue #6 – DSS Will Inherit Increased Responsibility for Protecting Federal Tax Information:

VDSS disagrees that there will be any shift in responsibility related to who has physical custody of federal tax information (FTI). VDSS has always been fully responsible for the security of the FTI as the recipient of this data from the Internal Revenue Service (IRS). We have been consistently working for a solution to resolve a five-year-old Internal Revenue Service (IRS) audit finding regarding contractor Northrup Grumman (NG) access. Recently, the IRS agreed with a VDSS proposal that will leave the FTI on VITA/NG servers with VDSS having control of the encryption keys. This innovative approach will save the Commonwealth hundreds of thousands of dollars and was devised by the VDSS Chief Information Security Officer – Matt Teasdale.

Issue #7 – VaCMS Training is Not Meeting LDSS Staff Needs:

Given the nine months available for the design, development, testing and implementation of a new enterprise system – VaCMS, system-related training initially suffered. Post-MAGI implementation, VDSS added training sessions for all phases of VaCMS implementation. A total of 65 VaCMS supplemental training sessions were added during calendar year 2014. Attendee feedback via course critiques was very positive. This issue surfaced as a concern from local directors due to the timing of the system implementation, the timing of the OSIG survey, and when the training was ultimately delivered. VDSS continues to take steps to improve training, one of those was to decentralize our training function to provide program staff greater input and control, as well as, allow for more timely responsive training.

Issue #8 – Training Unrelated to VaCMS is Not Timely:

VDSS has a couple of concerns in the statements regarding this finding. First, it is not clear how the conclusion was reached in the report stating that “due to management’s belief that such training is not needed and that the VaCMS training should be given top priority.” There was never an indication that legacy training was not needed, but VDSS did make VaCMS supplemental training a priority during 2014, as it was needed to support the new system (please refer to issue #7). Second, there was never an indication that VaCMS training would be a sole focus, just that it had been made a priority over other training requiring computer labs. Adjustments were made to training priorities based on the resources available to meet the need to train local workers on the VaCMS system. We did encourage large localities to train new workers on VaCMS, whenever possible and practical, since ADAPT is being retired and there

Ms. June W. Jennings
July 14, 2015
Page 4

would be limited benefit to training new workers on a legacy system. As the report suggests, we balanced training needs with available resources to obtain the best results. As indicated in the response to issue #4, we are processing MAGI Medicaid applications faster than we were in the legacy system with significant growth in application volume.

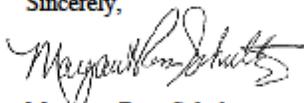
Issue #9 – VDSS Employee Training is Not Meeting Needs:

VDSS agrees that improvements are needed to provide training in such areas as employee development, computer skills, supervisory/team leadership, and compliance or mandatory training. To expand the training offered, the VDSS training function was decentralized in 2014 and training teams were assigned to program divisions. In addition, a team was formed to plan administrative training. While face-to-face training is highly desirable, it is very expensive. VDSS will continue to leverage the Knowledge Center and other available electronic training resources to meet training needs. The benefit of training decentralization through a more diverse course offering to employees is being realized by the Department. For example, compliance training was launched in February 2015 with an 80% completion rate. Additional compliance/mandatory training is planned for fall and will be repeated until all employees have completed this requirement.

VDSS will address those issues outlined in the report that will pay dividends moving forward. A number of the issues cited resulted from the hurried implementation of VaCMS. This was identified by management to be a concern in our initial meeting with the review team. We requested that VaCMS be reviewed in a future engagement as the implementation was rushed to meet the requirements of the Affordable Care Act. Significant progress has been made as indicated by the results outlined above.

Thank you for the opportunity to comment on this report.

Sincerely,



Margaret Ross Schultze

MRS:jrs

c: The Honorable William A. Hazel, Jr., MD - Secretary of Health and Human Resources