

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Department of Social Services Adult Services Investigation

July 12, 2019

Report Number: 19-005
Audit Plan Number: 19-304

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SUMMARY OF COMPLAINT

On September 20, 2018, the Director of Human Services/Social Services contacted Municipal Auditing reporting concerns about the **former** Adult Services Supervisor. A recent internal review of financial records and case files revealed potentially irregular financial activity. Auditing staff met with Social Services management the same day and, based on information presented, immediately opened an investigation.

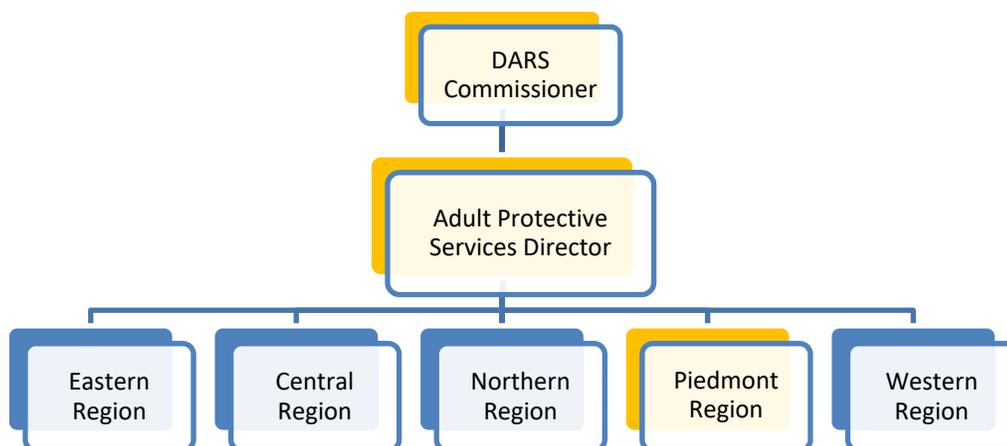
The **former** Adult Services Supervisor was employed by the City of Roanoke for approximately three-and-a-half years, through June of 2017. She was hired as a caseworker and subsequently promoted to a supervisory position in December of 2014.

BACKGROUND

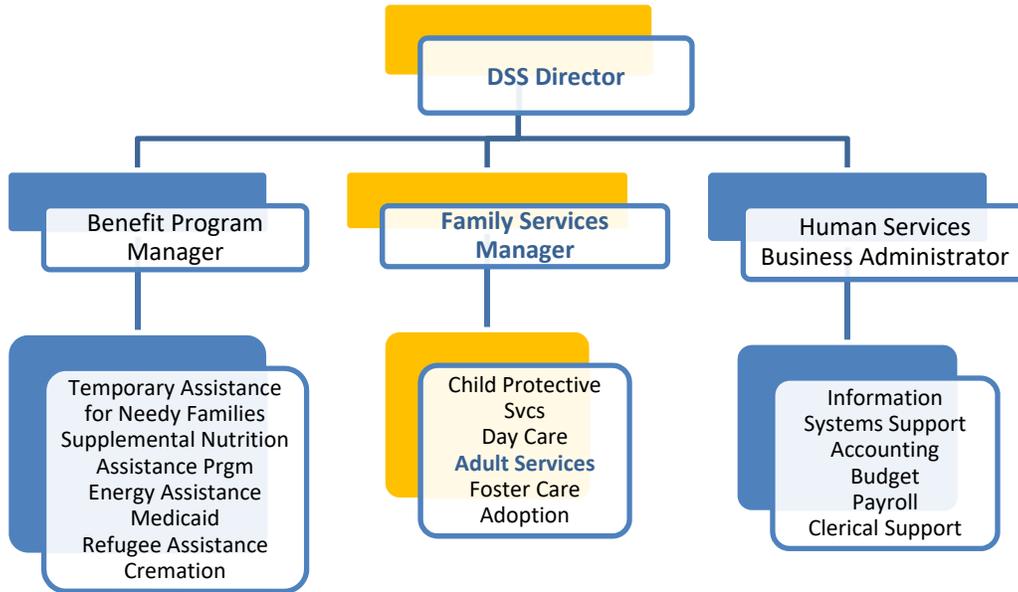
The U.S. Department of Health and Human Services, through the Social Services Block Grant (SSBG), provides funding to states and territories with the goals of protecting children and adults from neglect, abuse and exploitation and helping individuals who are unable to take care of themselves stay in their homes or find institutional arrangements. Appropriations exceed \$1 billion annually. Services and eligibility requirements vary by state.

In Virginia, a portion of SSBG funds is dedicated to supporting the **Adult Protective Services (APS)** and **Adult Services (AS)** programs. These programs are locally administered, but are overseen by the Virginia Department for Aging and Rehabilitative Services (DARS). DARS allocates funding to local social services departments, provides training to local staff and monitors local program activity. The *DARS Adult Protective Services Division Manual (The Manual)* includes detailed program information and provides local staff direction on APS and AS policies and required procedures.

The Commonwealth is divided into five DARS regions, each of which has a single Regional Consultant who evaluates local programs, serves as a resource in the areas of planning, organization, budgeting, and monitoring, and provides training, consultation, and technical assistance to local staff. The City of Roanoke is in the Piedmont Region, which includes approximately 24 local social services agencies.



The City of Roanoke Division of Human Services/Social Services (DSS) administers a number of significant mandated and non-mandated programs to assist the poor and other vulnerable populations. The department employs over 200 staff, supervisors and managers who primarily work in benefits and services, assisting clients on a daily basis. Staff maintain a joint Child Protective Services/Adult Protective Services hotline which receives and screens calls alleging child or elder abuse and/or neglect. The Director of DSS reports to the Assistant City Manager for Community Development.



The Adult Services Unit (the Unit) is currently comprised of nine employees and one supervisor, who reports to the Family Services Manager. The number of unit staff has fluctuated over time, expanding by at least two positions in Fiscal Year 2018 due to continually increasing caseloads and call volumes. It is the largest services unit at DSS.

Per *The Manual*, the purpose of the **Adult Protective Services** program is to establish and/or strengthen appropriate family and social support systems in order to prevent the occurrence of and protect adults at risk of abuse, neglect or exploitation. Title 22 of the Virginia Administrative Code, Agency 30, Chapter 100 (22VAC30-100), defines program requirements, outlines prescribed actions and mandates investigatory deadlines. *The Manual*, Chapter 2, requires the following characteristics to exist simultaneously in order for an APS report to be valid:

- Adult is at least 60 years or older or 18 or older and incapacitated
- Adult is living and identifiable
- Circumstances allege abuse, neglect, or exploitation or risk of abuse, neglect or exploitation
- The local department of social services (LDSS) receiving the report is the LDSS of jurisdiction

When a valid report is received, an initial investigation determines if the adult is in need of support. If so, the client has a choice to accept services.

The **Adult Services** program is designed to allow the adult to remain in the least restrictive setting and function as independently as possible by establishing and/or strengthening appropriate family and social support systems or by supporting the adult in self-determination. Assistance is provided to impaired adults age 18 or older, and to their families when appropriate, **when there is not** a valid report of abuse, neglect or exploitation and/or following intervention when the adult continues to need ongoing care.

APS and AS Program administration includes:

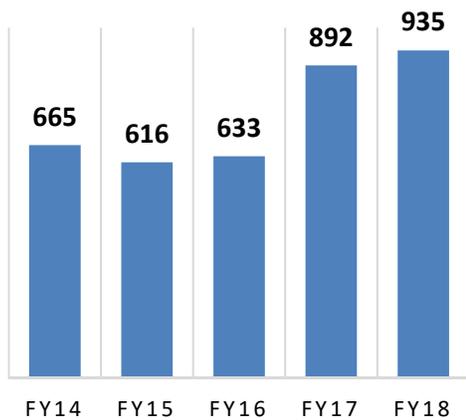
- Investigating allegations of abuse, neglect and exploitation
- Furnishing limited financial assistance
- Providing food access
- Locating housing
- Facilitating home health care
- Transporting clients
- Working with family members
- Screening for continuous care and/or placement in assisted living facilities

Staff utilize the Commonwealth’s information system, Adult Services Adult Protective Services System (ASAPS), along with hard copy client files, to collect client information and provide case management.

Guardians are appointed by the Circuit Court to make decisions about the personal life and affairs of the incapacitated adult. Unit staff are also tasked with collecting annual guardianship reports and associated fees, as well as communicating required filings to the courts.

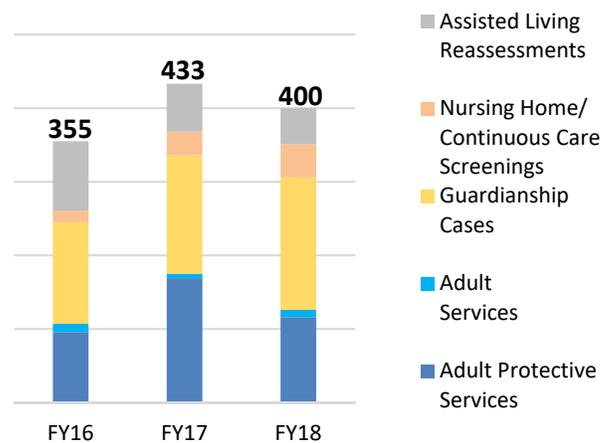
APS hotline activity and Unit caseload histories for the City of Roanoke are as follows:

APS Reports Received



Source: DARS Adult Protective Services Division Annual Reports

**Adult Services Unit
Year-End Case Loads**



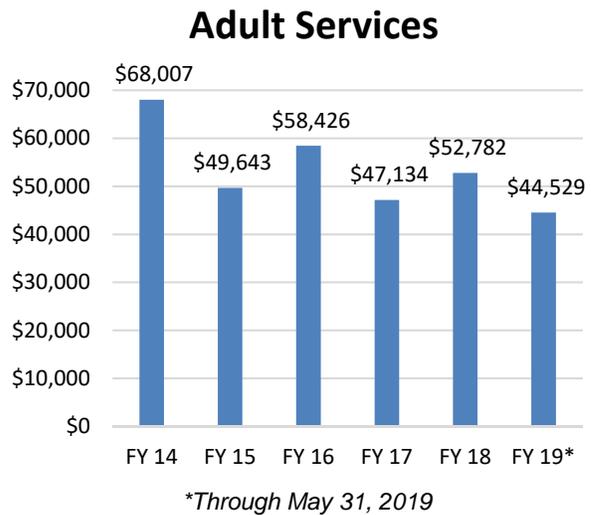
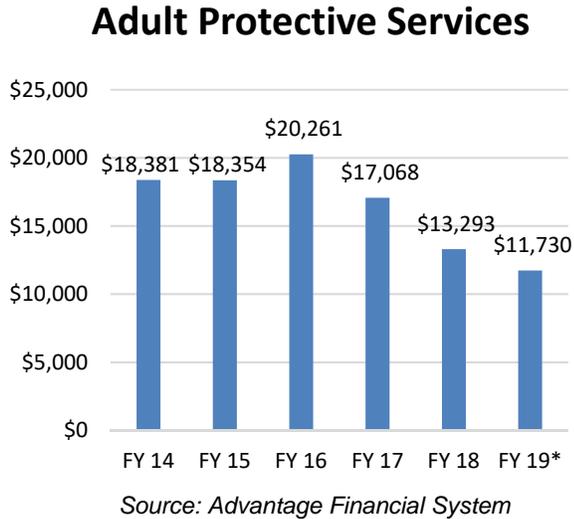
Source: APS & AS Monthly Report (DSS Internal Report); FY14 & FY15 reports could not be provided.

Financial Information

Adult Protective Services and **Adult Services** expenditures are recorded in separate budgetary line items. Federal funds are reimbursed through DARS to the City after actual expenditures are incurred. Both revenues and expenditures are recognized in the General Fund. One-time payments should be supported by payment requests (Case Action Forms), along with vendor invoices or itemized receipts. The Case Action Form contains a section which includes specific lines for caseworker and supervisor signatures, as well as a check box indicating evidence of purchase approval. Recurring payments should be supported by purchase orders and related monthly invoices.

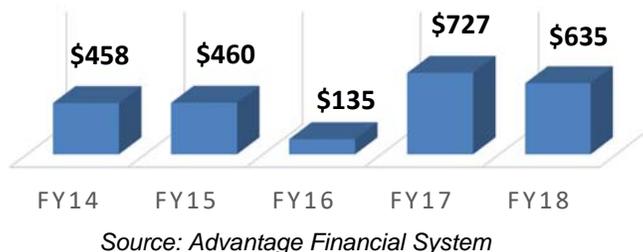
Expenditures are funded with a combination of federal monies and local match: Adult Services at 80%/20%; Adult Protective Services at 84.5%/15.5%.

Annual expenditures are as follows:



The Code of Virginia, §64.2-2020, requires guardians to submit annual reports on incapacitated adults to the jurisdiction in which the adults reside, to be accompanied by a \$5.00 filing fee. The City retains guardianship fees received, which directly offset costs incurred by the APS program.

Annual Guardianship Fees Deposited



****End of Background****

OBJECTIVE 1:

Were all Adult Services and Adult Protective Services disbursements legitimate?

No

Scope: AS and APS client and payment records related to clients for whom payments were made between July 1, 2013 and June 30, 2017. Clients were selected based on missing documentation, irregular payments, gift cards purchases, and other disbursements susceptible to manipulation.

Scope Limitations:

- In compliance with Library of Virginia Records Management Retention Schedules, Fiscal Year 2014 (July 1, 2013 through June 30, 2014) accounts payable and accounting documentation was destroyed prior to the start of the investigation.
- At the end of October 2018, the Commonwealth discontinued use of the ASAPS System, replacing it with Peer Place. The Unit was instructed by DARS to move only open client cases to Peer Place. Historical records were maintained by the Commonwealth and were not readily accessible.

Results: Funds were spent on ineligible participants and costs; thereby, reducing resources available to assist clients in need which met program criteria. Additionally, DSS cannot demonstrate to granting agencies that it has done its due diligence in assuring the eligibility of program participants and/or the allowability of expenditures.

One hundred seventy-eight (178) payments, related to 101 clients, totaling \$65,889, were analyzed. Approximately \$27,239, or 41%, was identified as potentially disallowed and/or illegitimate, as follows:

	Total Tested		Potentially Disallowed / Illegitimate			
	# Payments	\$ Payments	# Payments	%	\$ Payments	%
AS	12	\$ 13,013	4	33.3%	\$ 3,157	24.3%
APS	166	\$ 52,876	68	41.0%	\$ 24,082	45.5%
Total	178	\$ 65,889	72	40.4%	\$ 27,239	41.3%

The extent of irregularities identified was significant. Documentation demonstrated that the **former** Adult Services Supervisor had involvement in each of the following:

- Twenty-six clients either did not have a valid APS report or failed at least one of the criteria that must exist simultaneously for a report to be considered valid.
- Three payments, totaling \$4,052, were issued to the **former** Adult Services Supervisor's mother for the care of alleged clients for whom there was either no documentation or insufficient documentation.
- A \$950 rent payment was issued to the long-term boyfriend of an alleged client for that client's rent at a residence where it appeared the couple lived together. Neither the vendor (boyfriend) nor the client owned

the property for which the payment was disbursed. The client was verified as a friend of the **former** Adult Services Supervisor through social media.

- A \$168 prescription drug purchase was attributed to a client but appeared to have been for the **former** Adult Services Supervisor's child.
- Two payments, totaling \$330, were related to undocumented client hotel stays for which supporting documentation had been manipulated with white-out. Additional payments were made for multiple hotel stays attributed to clients for whom there was either no documentation or insufficient documentation.
- A \$2,600 advance payment was made to a vendor verified as a family friend of the **former** Adult Services Supervisor through social media. Services were not performed for the intended client. The **current** Supervisor reached an agreement with the vendor for pre-paid services to be utilized for a different client.
- A \$400 rent payment to a local mental health services provider, which did not provide overnight services, was identified. Additionally, the disbursement was attributed to an unverifiable client.
- A rent disbursement of \$1,075 was paid to a client's family member (a City of Roanoke employee) instead of being paid directly to the landlord.
- Two rent payments, totaling \$1,550, were made based on the same hand-written note, which was attributed to two different clients. The vendor did not own the property.
- Multiple payments, totaling \$3,444, were disbursed on behalf of one client with insufficient documentation to prove validity.
- Additional irregular purchases were noted, as follows:
 - Food for clients documented as either being in the hospital or having a feeding tube
 - Gift cards, food, home goods and personal items purchased but not documented in client records
 - Home goods attributed to client residing in a shelter
 - Goods bought for clients who were documented as refusing services or after their cases were closed
 - Food and gift cards not attributable to specific clients

Certain cases were referred to the City of Roanoke Police Department and the Office of State Inspector General for further review. Additional confidential matters discovered during the course of our investigation were referred to other appropriate authorities.

The **former** Adult Services Supervisor controlled all aspects of case management including receiving initial reports, validating reports, meeting with clients, planning and approving client services, requesting and approving payments, and documenting case activity. The **former** Family Services Manager was not familiar with the basic requirements of the program. There was no quality control program in place to monitor APS or AS program expenditures for appropriate utilization of funds and to ensure cases were managed in accordance with departmental processes and expectations.

See related Management Action Plan beginning on page 13.

****End of Objective 1****

OBJECTIVE 2:

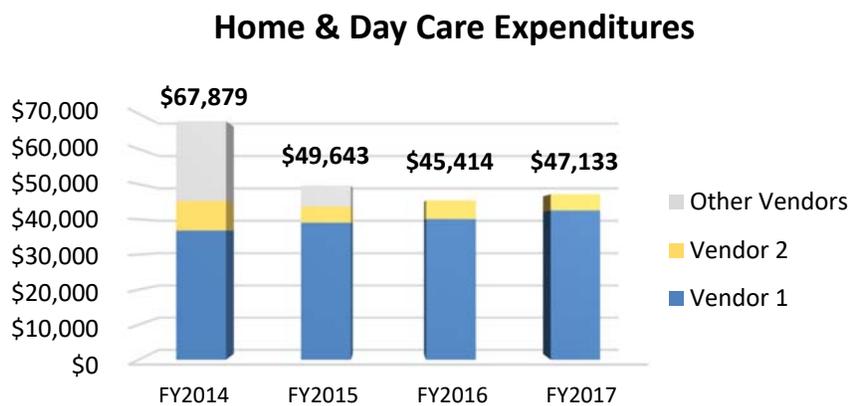
For vendors providing home-based services, did contracts exist that ensured compliance with DARS requirements?

No

Scope: Adult Services expenditures for the period July 1, 2013 through June 30, 2017

Scope Limitation: In compliance with Library of Virginia Records Management Retention Schedules, Fiscal Year 2014 (July 1, 2013 through June 30, 2014) accounts payable and accounting documentation was destroyed prior to the start of the investigation.

Results: DSS accomplishes the objectives of the Adult Services grant through the use of various vendors, who provide home-based and adult day-care services. Caregivers have direct contact with clients, typically in their homes. We reviewed payment activity with these companies and found that DSS primarily utilized two service providers for direct client care. Payments to these companies accounted for the majority of Adult Services spending, as follows:



Source: Advantage Financial System Reports

These companies are long-term vendors; however, contracts were not in place and no formal monitoring procedures were performed. Additionally, no documentation was maintained related to the procurement of these vendors, and there was a lack of institutional knowledge as to why each was selected. Support that these vendors were approved via the DARS requirements did not exist. The lack of formal agreements increases the risk to both clients and the City should an adverse situation between a caregiver and client arise. Furthermore, DSS has no way to assess if the City is receiving the best care available for the price.

See related Management Action Plan beginning on page 14.

****End of Objective 2****

OBJECTIVE 3:

Were accounts payable internal controls in place to ensure payments were appropriate?

No

Scope: **Adult Services** and **Adult Protective Services** expenditures for the period July 1, 2013 through June 30, 2017.

Scope Limitation: In compliance with Library of Virginia Records Management Retention Schedules, Fiscal Year 2014 (July 1, 2013 through June 30, 2014) accounts payable and accounting documentation was destroyed prior to the start of the investigation.

Results: A lack of internal control processes in the DSS Accounts Payable Unit (the AP Unit) contributed to the disbursement of potentially disallowed and illegitimate payments.

Related to **Adult Protective Services check** expenditures:

- No support was on file for four payments totaling \$4,216.
- Caseworker signatures were missing on three Case Action Forms totaling \$1,369.
- Supervisory signatures were missing on two Case Action Forms totaling \$1,172.
- The **former** Adult Services Supervisor signed as both caseworker and supervisor on nine Case Action Forms totaling \$6,204.
- Other issues included supporting documentation that did not match amounts paid and additional payments with inadequate support.

Related to **Adult Services** Expenditures:

- The AP Unit **did not** formally maintain records related to recurring services payments and **did not** have copies of signed purchase orders or invoices on file to support \$142,190 in disbursements.
- Two payments totaling \$4,760 were disbursed based on quotes. Additionally, we noted no competing quotes from other vendors on file.
- Four payments totaling \$5,810 were disbursed based on emails.
- Two payments totaling \$1,886 were issued for invoices addressed to another company.
- One payment for \$500 was supported by an unsigned, one-sentence letter.

The City of Roanoke Department of Finance typically reviews payment requests for proper approvals, adequate supporting documentation, adherence to City policies and other regulations, etc. However, payment requests processed by the AP Unit through its financial system are not subject to this review (as payment requests are interfaced directly into the Advantage Financial System). As such, this critical layer of internal control resides directly with the AP Unit.

Accounts payable is by nature a production-driven environment and the AP Unit operated with a data-entry oriented mindset. Success was generally acknowledged based on the number of payments processed and, as such, the AP Unit had not previously recognized its internal control responsibilities.

See related Management Action Plan beginning on page 14.

****End of Objective 3****

OBJECTIVE 4:

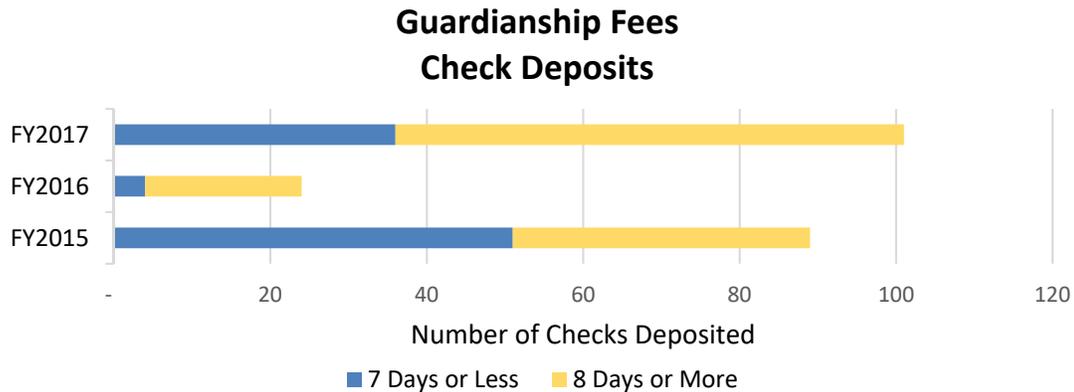
Were expected guardianship fees deposited into the City’s consolidated account in a timely manner?

No

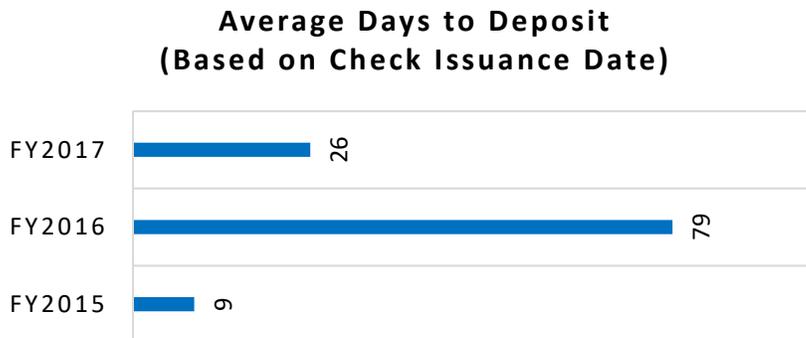
Scope: Guardianship fee deposits for the period July 1, 2014 through June 30, 2017.

Scope Limitation: At the end of October 2018, the Commonwealth discontinued use of the ASAPS System, replacing it with Peer Place. The Unit was instructed by DARS to move only open client cases to Peer Place. Historical records were maintained by the Commonwealth and were not readily accessible.

Results: Annually, the Adult Services Unit receives between 125 and 175 guardianship reports for review and filing with the Circuit Court. Each of these items should be accompanied by the required \$5.00 filing fee. Approximately 57.5% of checks were deposited eight or more days past the date of check issuance as follows:

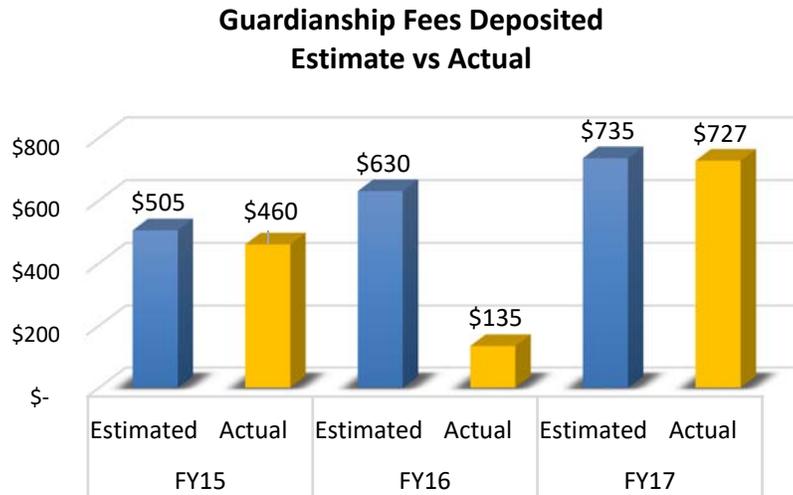


Thirteen checks deposited during Fiscal Years 2016 and 2017 were held 100 days or more past their dates of issuance. Additionally, there was a significant decline in deposit activity during Fiscal Year 2016, with no guardianship fee deposits for a seven month timeframe and no cash deposits during the year. Average days to deposit were as follows:



Based on a review of the cash receipt book, it appears receipts for cash payments were not issued between August 2015 and April 2018. Ten cash payments were deposited during the scope of our testing; cash receipts were **not** issued for seven, or 70%, of those payments.

Although the Adult Services Unit was unable to provide a complete listing of active guardians during the period under review, we calculated an estimate of fees that should have been received based on a listing of current guardianship cases and the date the guardian was qualified. Based on this estimate, it appears the majority of fees received during the course of Fiscal Year 2016 were not deposited with the Treasurer’s Office:



The **former** Adult Services Supervisor took over responsibility for receiving and reviewing guardianship reports and processing associated fees for at least a portion of her tenure and had sole control over all aspects of the process.

Per City of Roanoke Administrative Procedures 3.3, *Cash Receipts and Collection Reports*, it is the duty of each department to deposit with the City Treasurer all funds collected by noon of the business day following collection. Additionally, per *The Manual*, if the filing fee is in the form of cash, the LDSS shall issue a receipt to the guardian. As guardianship fees collected directly offset costs of Adult Protective Services, failing to deposit the fees, or delaying these deposits, means these funds were not available for use in assisting APS clients.

See related Management Action Plan beginning on page 15.

****End of Objective 4****

SUMMARY OF MANAGEMENT ACTION PLANS

Management Action Plan – Objective 1

It is not departmental practice for a Supervisor to be the direct worker assisting clients and preparing reports. If the workload exceeds manpower capacity and it becomes necessary for a Supervisor to fill this role, a sample of the work will be reviewed by the Family Service Manager to provide management control. The Family Service Supervisor will assure that staff are trained on a standardized set of written policies and procedures to direct staff on the creation and management of both physical and electronic case records. The policies must include instruction on preparing documentation and recording activity timely, storing files, removing files, records destruction, what should be entered into both the physical record and the electronic record, and the Library of Virginia records retention requirements. All Adult Service staff will receive refresher training to emphasize the importance of documentation. Policies will be reviewed and updated annually. The Family Services Manager or designee should conduct a periodic sample inventory of case records to assure their existence. The Supervisor and Sr. Family Service Specialist have implemented the practice to review all APS cases prior to closure to ensure proper documentation has been completed and is in the file.

Assigned To	Target Date
Wendy Webb, Family Services Supervisor Susan Reese, Family Services Manager	07/07/2019

Management Action Plan – Objective 2

The Human Service Business Administrator will take the lead in establishing a procurement process for home care and day care services that address all of the requirements of DARS and comply with the Virginia Public Procurement Act [Code of Virginia §2.2-4300]. The Human Services Business Administrator will consult with the City Attorney’s Office to determine if these services qualify as a bulk procurement based on Code section §2.2-4345, paragraph 14 and develop the process based on that guidance. The Adult Protective Service Family Service Supervisor, or qualified designee, along with the Human Service Business Administrator, or qualified designee, will monitor vendor performance and compliance with contract requirements. Documentation of all efforts undertaken to monitor vendors, with all concerns and violations noted. Vendor monitoring will take place at least annually and may be more frequent if correction of concerns or violations are needed.

Assigned To	Target Date
Meredith Burger, Human Service Business Administrator	05/01/2020

Management Action Plan – Objective 3

Our Human Services Business Administrator will work with Municipal Audit and/or the Department of Finance to identify appropriate, fiscally reasonable, training for the Accounts Payable team. All appropriate team members will complete training within 12 months (by July 1, 2020). Management will provide clarification on the needed shift in mindset of the Accounts Payable team to recognize their responsibility for internal controls and to hold all in the department accountable to adhering to accuracy in the invoices and having the appropriate signatures prior to processing the transaction. Formal expectations for responsibilities as well as the expectation to assure appropriate training is obtained whenever turnover takes place will be established. Written policies and procedures will be strengthened. A record of all signatures will be kept on record in Accounts Payable to serve as a reference point to staff when assessing the validity of authorizations.

Assigned To	Target Date
Meredith Burger, Human Service Business Administrator	07/01/2020

Management Action Plan – Objective 4

The **current** Family Services Supervisor and Senior Family Services Specialist are developing a formal written process for managing the guardianship cases, and they will maintain the procedures in their roles. Due to the volume of cases being handled in Adult Services, Fridays have been designated for the specific task of processing guardianship reports and fees.

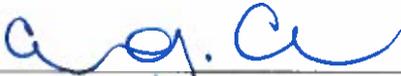
The Human Services Business Administrator will contact the Department of Finance to obtain a formal exception to the daily deposit requirement to where deposits will be made the next business day after receipt. Key staff in Adult Services and Business Services will review the Finance Administration Procedures as recommended.

Assigned To	Target Date
Wendy Webb, Family Services Supervisor	05/30/2019 (Finance Exception) 07/01/2019 (Written Process)

ACKNOWLEDGEMENTS

Our many thanks to management and staff from the Department of Social Services, who went above and beyond the call of duty to help facilitate the investigation. We would like to specifically acknowledge Wendy Webb, Meredith Burger, and Jennifer Oakes for their patience and diligence.

Additional thanks to the Department of Technology and City Attorney's Office for their assistance in these matters.



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