

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 11/14/05
Department Name: Social Services
Department No.: 055
Agenda Date: 12/13/05
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Kathy Gallagher, Director
Department of Social Services

STAFF CONTACT: Michele Fitzpatrick, Deputy Director
x4455

SUBJECT: Program Quality Assurance

Recommendation(s):

That the Board of Supervisors:

1. Approve the personnel resolution effective 12/19/05 adding the following positions:
 - 1 Department Analyst, Program position (Job Class 2160, Range 5566, \$3895-\$4755 per month)
 - 1 Office Assistant, Senior position (Job Class 1702, Range 4576, \$2377-\$2902 per month)
 - 3 Eligibility Worker III positions (Job Class 3092, Range 4874, \$2758-\$3367 per month)

Alignment with Board Strategic Plan:

Goal 2 – A safe and healthy community in which to live, work, and visit

Goal 7 – A community that fosters the safety and well being of families and children

Executive Summary and Discussion:

The Department of Social Services (DSS) is requesting to add positions in order to establish a Quality Assurance Unit (QAU). The purpose of the unit is to be a key player in designing, assessing, documenting, and testing the internal control structure for social services programs. The department desires to improve controls to provide assurance of eligibility determination for clients to receive services and to assure the accuracy of direct benefits paid to eligible clients. DSS determines eligibility for major programs like Medi-Cal, Food Stamps and CalWORKs. The department has a budget of over \$100 million and delivers over \$154,909,000 in benefits to its clients.

The County Audit of the Schedule of Federal Expenditures (Single Audit) recently completed by our independent outside audit firm KPMG for FY 02/03 revealed compliance errors with Federal regulations for Medi-Cal and Food Stamp programs. The KPMG draft audit report for FY 03/04 also contains similar

findings. These reports, coupled with new mandates, an increase in State monitored performance measures, new program audit plans, and our own reviews made us aware that we need to improve internal controls and believe that creation of a Quality Assurance Program is a key component.

DSS had a QAU from 1990 to 1994, which was eliminated due to budget constraints. Most counties across the State have QAUs which conduct regular reviews of their various program caseloads. We have reestablished this idea and consulted with the Auditor-Controller about establishing a Program Quality Assurance Unit with the objective of improving internal controls and identifying risks that could prevent us from fulfilling applicable requirements of laws and regulations related to financial and categorical requirements of the Eligibility Programs and Assistance Programs. The Auditor-Controller supports the plan and agrees that an effective QAU can reduce potential losses of revenue related to non-compliance with applicable rules and regulations. In addition, an effective QAU can reduce the costs of audits and compliance reviews by other agencies.

Internal Control Framework:

Compliance based internal controls exist to provide a framework where compliance with applicable laws, regulations and other imposed mandates can be achieved. The development of a comprehensive plan to assess the internal control framework is the first task for senior management and the new unit supervisor. A taskforce comprised of key unit personnel, senior management, and a representative from the Auditor-Controller's office will provide the necessary foundation from which to build the plan.

Broadly speaking, a comprehensive plan would include several key components:

- determining existing internal controls
- evaluating the quality of those controls
- developing improved controls, where necessary
- documenting the controls
- monitoring the controls through periodic testing
- interpreting the results of the testing
- reporting on the results
- designing and implementing necessary improvements to the controls
- integrating changes in controls to staff training models

In a functional sense, these key planning elements may evolve into a set of processes and outcomes such as the following:

- A random sample review of a variety of program cases each month for the correct application of regulations, payment accuracy and collect statistically valid data on customer profiles.
- Compliance reviews of cases for Welfare to Work performance, to ensure that our county's participation rate meets or exceeds State and Federal levels.
- Management information on cases and customers through monthly, statistically valid performance samples to evaluate the program results and profiles within 90 days of benefit issuance.
- Processes to work with Program Analysts and supervisors to ensure workers and supervisors take immediate corrective action on cited errors and take steps to assure that similar errors do not occur.
- Assurance that statistically valid data from case records and home visits support accuracy and error rates within State and Federal tolerances levels.

- Assurance that case record information on customer profiles and Welfare to Work participation is statistically valid so it can be used by State and Federal program policy makers, community groups and elected officials to evaluate trends, results and program improvements.
- Integration of review findings into staff development worker training materials.
- Assistance for unit supervisors with unit-specific training and corrective action plans based on program review findings.

Independence:

The work of a QAU should not be confused with the work of the Auditor-Controller or the work of the County Board of Supervisors contracted independent auditors. References or inferences to the “audit” of cases should be avoided so as not to confuse the QAU work to internally improve and monitor compliance with its internal controls, with the independent auditors responsibilities to report on the effectiveness of internal controls or to issue an opinion of compliance by the County with applicable laws and regulations (Single Audit).

Regulatory Environment:

In addition to Single Audit reviews scheduled this spring, in November 2005 the Department is being audited by the Federal Department of Health and Human Services, Office of Inspector General. The primary focus of this audit is identifying Medicaid payments made to recipients that did not meet eligibility requirements. Santa Barbara County is also included as one of the large counties reviewed as part of the Medi-Cal Eligibility Quality Control Geographic Sampling Project and also reviewed every two years by the California Department of Social Services Food Stamp Management Evaluation team. The department was recently notified that the State Department of Social Services is establishing a Food Assistance Action Committee in January 2006. As one of the thirty-two largest food stamp caseload counties, we have been requested to have a Quality Assurance supervisor participate in activities related to performance measurement and issues related to the Food Stamp Quality Control Program. The focus of these activities is to assist counties in efforts to meet federal guidelines. Again, an effective QAU can mitigate findings and reduce audit exposure and costs.

With the implementation of new State performance measures the county may be subject to a reduction in county administration funds if found not to be in compliance with these standards. Based on current year allocations, DSS estimates the reductions could range from \$914,895 for Medi-Cal to \$496,593 for CalWORKs. Examples of the complexities and details of the State Performance Measures are listed in attachment 1.

Staffing:

The Program Quality Assurance Unit will initially be comprised of a new supervising Department Analyst, three additional Eligibility Worker IIIs, two existing In-Home Supportive Service Quality Assurance Social Workers, and a new Office Assistant, Senior. Organizationally, the unit will be closely aligned with our Staff Development Division to insure internal controls are integrated in staff training models. Staff would be located in each of our main district offices. We have surveyed our Benchmark Counties and the recommended staffing and structure is consistent with their models; however our unit involves fewer staff. As the program evolves, we will continually evaluate the members of the unit to assure the skill levels and staff mixture are appropriate.

Mandates and Service Levels:

Reestablishing a Quality Assurance Program with a properly functioning internal control structure will reduce the risk of non-compliance with applicable state and federal guidelines and reduce the risk of sanction or funding reductions. Program policies and procedures developed in collaboration with our staff development unit, program oversight units, and with unit supervisors will improve service delivery with an improvement in timely and accurate benefit issuance to our clients. This process will also ensure all staff is appropriately trained in these procedures.

Fiscal and Facilities Impacts:

The addition of these new positions will cost approximately \$160,360 for 14 pay periods of FY 2005-06. The Department will fund this cost through salary savings realized in the IHSS and Medi-Cal programs. For FY 2006-07 these positions will cost approximately \$297,811. The Department will include the needed appropriations and revenues in their FY 2006-07 requested budget.

The Department Analyst and Office Assistant will be funded 40% with the IHSS Administration and 60% Medi-Cal funding. The three new Eligibility Workers will initially be funded 100% with Medi-Cal funding. These funding sources have been increasing by approximately 6-7% annually, thereby providing a stable funding source for these positions into the future. There will be no increase in the need for General Fund contribution to fund these positions.

Special Instructions:

Please send a signed copy of the Personnel Resolution to Sandra Viola in the Human Resources Department and Duncan Thomas at DSS Human Resources. Please send a Minute Order to DSS Administration at 234 Camino del Remedio, Santa Barbara Attn: Diana Klopp.

Concurrence:

Human Resources
Auditor Controller