

***CHILDREN'S SERVICES ACT  
PROGRAM AUDIT***

***Highlands Interagency Consortium  
(City of Bristol and Washington County)***

***Audit Report No. 04-2018  
April 10, 2018***



**Office of Children's Services**  
Empowering communities to serve youth

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## EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the Washington County and Bristol City Children's Services Act (CSA) programs, also referred to as the Highlands Interagency Consortium (HIC). The HIC provided services and/or funding for a combined 182 youth and families during fiscal year 2017. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of fiscal year 2016, significant achievements for the HIC include:

- Percent of youth in Washington County with a decrease in the Child and Adolescent Needs and Strengths (CANS) child behavioral/emotional needs domain exceeded the statewide average by 29%.
- Percent of youth in the City of Bristol with a decrease in the CANS child school domain exceeded the statewide average by 25%.

However, there are additional opportunities to effect quality improvements in other areas of the CSA program. Our audit concluded that there were deficiencies in internal controls that could affect compliance with statutory requirements. The following issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State CSA policies and procedures were not met, resulting in questioned cost of \$1,430.00 of which \$1,065.78 represents the state share. The questioned costs resulted from an expenditure where timely referral and assessment by the Family Assessment and Planning Team (FAPT) did not occur.
- Parental contribution assessments were not completed for two (2) of the eight eligible client case files examined.

OCS appreciates the cooperation and assistance provided on behalf of the HIC and other CSA staff. Formal responses from the HIC to the reported audit observations are included in the body of the full report.

  
Stephanie S. Bacote, CIGA  
Program Audit Manager

  
D. Brent Barcomb  
Program Auditor

## INTRODUCTION

The Office Children's Services (OCS) has completed a financial/compliance audit of the Highlands Interagency Consortium. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require planning and performance of the audit pursuant to stated audit objectives in order to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on April 9, 2018 and covered the period November 1, 2016 through October 31, 2017.

The objectives of the audit were to:

- Determine whether adequate internal controls have been established and implemented over CSA expenditures.
- Determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- Assess whether operations have maintained high standards for sound fiscal accountability and ensured responsible use of taxpayer funds by evaluating fiscal activities of local CSA programs.
- Assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating local CSA program's operational and utilization review practices.

The scope of our audit included all youth and their families who received CSA funded services during the audit period. Audit procedures performed included reviews of relevant laws, policies, procedures, and regulations; interviews with various CSA stakeholders; various tests and examination of records; and other audit procedures deemed necessary to meet the audit objectives.

## BACKGROUND

The Children's Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. State funds, combined with local community funds, are managed by local interagency teams, referred to as the Community Policy and Management Team (CPMT) who plan and oversee services to youth. The CPMT is supported in this initiative by Family Assessment and Planning Teams (FAPT) responsible for recommending appropriate services.

The Highlands Interagency Consortium (HIC) was established to comply with the statute. The HIC includes the CSA programs of both Washington County and the City of Bristol. Each locality operates their own FAPT. The HIC consolidates the CPMT administrative and fiscal functions. The CPMT includes members from the various agencies of both localities. Expenditures and demographics for fiscal years 2015 to 2017 are depicted in the following tables:

### CSA Pool & Census Data by Fiscal Year for the City of Bristol (2015-2017)

Founded in 1856, the City of Bristol has grown to become the principal center of commerce in the southern highlands of Southwest Virginia. Encompassing 13.3 square miles, Bristol services a population of 17,625. According to the U.S. Census Bureau's State and County Quick Facts, Bristol's 2016 median household income was \$35,801.

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2015	133	32	32%	\$1,780,064	\$498,232	39%	\$13,384	5%
2016	75	-58	-44%	\$2,079,245	\$299,181	17%	\$27,723	107%
2017	93	18	24%	\$1,791,968	-\$287,277	-14%	\$19,268	-30%

FY	Pool Expenditures
2015	\$1,780,064
2016	\$2,079,245
2017	\$1,791,968

FY	Census
2015	133
2016	75
2017	93

FY	Unit Cost
2015	\$13,384
2016	\$27,723
2017	\$19,268

**CSA Pool & Census Data by Fiscal Year for the Washington County  
(2015-2017)**

Washington County was established in 1776 when Virginia abolished Fincastle County and created three new ones to replace it. Washington County lies in the Ridge and Valley area of Appalachia. It covers an area of 566 square miles and has a population of about 55,000. According to the U.S. Census Bureau's State and County Quick Facts, Washington County's 2016 median household income was \$43,835.

<b>FY</b>	<b>Census</b>	<b>Census Change</b>	<b>Census % Change</b>	<b>Pool Expenditures</b>	<b>Expenditures \$ Change</b>	<b>Expenditures % Change</b>	<b>Unit Cost</b>	<b>Unit Cost % Change</b>
2015	130	33	34%	\$1,082,468	-\$198,423	-15%	\$8,327	-37%
2016	78	-52	-40%	\$1,550,560	\$468,092	43%	\$19,879	139%
2017	89	11	14%	\$1,763,405	\$212,845	14%	\$19,814	0%

<b>FY</b>	<b>Pool Expenditures</b>	
2015		\$1,082,468
2016		\$1,550,560
2017		\$1,763,405

<b>FY</b>	<b>Census</b>	
2015		130
2016		78
2017		89

<b>FY</b>	<b>Unit Cost</b>	
2015		\$ 8,327
2016		\$19,879
2017		\$19,814

## OBSERVATIONS AND RECOMMENDATIONS

### FISCAL ACTIVITIES

#### Observation #1:

<b>Criteria</b>	<b>Compliance and Internal Control</b>
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The City of Bristol CSA Program expended \$1,430 and was reimbursed \$1,065.78 (state share) in Fiscal Years 2017 to cover the cost of services provided where service planning activities were not in accordance with CSA requirements. Emergency respite services were provided for one (1) client and the referral to FAPT for assessment did not occur within 14 days of placement as required by the Code of Virginia (COV) § 2.2-5209. Use of state pool funds under these circumstances constitutes non-compliance with CSA statutory requirements.

Client	Exception Description	Period	Questionable Costs *
B-3	Timely FAPT assessment/ Emergency Services	Sept 2016 - Oct 2016	\$1,065.78
<b>Total (State Share)</b>			<b>\$1,065.78</b>
* Calculated from client payment history reports.			

#### Recommendation

- Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation should be maintained as justification for CPMT funding decisions.
- The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observation regarding questioned costs. Upon review and recommendations presented by OCS Finance staff, the CPMT will be notified of the final determination made by the Executive Director of whether the identified actions are acceptable or any additional actions that may be required.

#### Client Comment

- “This placement change was made consistent with our Local Policy, and prior to receipt of final feedback from our CSA Self-Assessment on 9-26-16, which fully authorized the CSA Coordinator to amend an existing Purchase Order (PO) provided the action is subsequently reported to and approved by the CPMT; this action was ratified by the CPMT on 10-12-16. Local Policy #4.6; Item #3 – *“The Chairman and/or Coordinator are authorized to amend an existing Purchase Order in the spirit of the Comprehensive Services Act, provided the cost or quantity of services is not drastically affected. Any authorizations approved by the Chairman and/or the Coordinator shall be reported at the next CPM Team meeting.”*

- The practice was changed very shortly after this respite placement, to require a FAPT-approved / endorsed IFSP for subsequent respite placements. In addition, changes to existing PO(s) are now reassessed and endorsed by the FAPT prior to CPMT action
- From the onset, this placement was of a temporary and urgent nature in order to prevent the disruption of a Trial Home Placement with her natural mother
- This finding of questionable costs, with \$1,065.78 of State Reimbursement at risk for payback, represents .4442% of the total State Reimbursement (\$239,757.40) obtained during the Audit Review period for The City of Bristol.”

## Observation #2:

### Criteria

### Compliance and Internal Control

Established practices and procedures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool funded services and/or to meet the needs of the children and families of the HIC. Contrary to the requirements of the Code of Virginia § 2.2-5208, assessments of parental ability to contribute to the costs of CSA funded services provided to eligible youth and families were not performed in 25% (2 of 8) of the eligible client case files reviewed. Both were City of Bristol client case files. While also a cost containment measure, parental contribution is an acknowledgement of shared fiscal responsibility and engagement in all aspects of assessment, planning and implementation of services for children and families.

## Recommendation

The Bristol and Washington County FAPTs should ensure parent contribution assessments are completed for every child and family referral that is not otherwise exempt from the requirements of the Code of Virginia.

- In response to a prior audit observation pertaining to other client file documentation, the CPMT commissioned a standing committee to perform periodic case reviews and issue a report of results and recommended actions thereafter. However, no such reporting was evidenced in the recorded minutes of the CPMT meetings. The CPMT should consider reconvening the standing committee for that purpose, which should report periodically to the CPMT. Reports of the standing committee should be reflected in the CPMT’s meeting minutes.

## Client Comment

### 1. “Parent Contribution Assessments:

- The two (2) case incidents in question were for initial and temporary services and the expectation, at the time, was there would be additional IFSP(s) presented to FAPT where the CSA Parental Co-Payment Assessment would then be submitted:
  - Case #1 – was for Short-Term Respite but no additional services were needed
  - Case#2 – was for a Psychosexual Evaluation and, based on the presenting issues, seemed very likely to require additional CSA-funded treatment. There was a significant

delay in getting this assessment complete and the FAPT Case Manager just consulted with me about returning to FAPT for consideration of additional services (based on assessment recommendations)

- Our Local Parental Co-Payment Assessment procedure and forms are currently being revised and will contain exemption criteria to include any child that receives Medicaid; each of these cases would be exempt under the new procedure.

**2. Review of Client File Documentation:**

- This process is currently under revision with the express goal to create a Record Checklist form to document the contents of the client file to occur during the FAPT Review; and certified with signature of a FAPT Member. This form will be maintained in Section #1 of the Client Record”

### CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the HIC. Conditions were identified that could affect the compliance with statutory requirements. An exit conference was conducted on March 19, 2018 to present the audit results to the HIC. Persons in attendance representing the HIC were:

Dr. Christopher Qualls, CPMT Chair  
Allen Anderson, Fiscal Agent

Representing the Office of Children’s Services was: Donald Barcomb, Program Auditor. We would like to thank the HIC and related CSA staff for their cooperation and assistance on this audit.

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services

Jason Berry, Washington County Administrator

Randall C. Eads, Bristol City Manager

Allen Anderson, CPMT Fiscal Agent

Andre Richmond, CSA Coordinator

SEC Finance and Audit Committee