

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

Essex County

Audit Report No. 06-2021

July 5, 2022



Office of Children's Services
Empowering communities to serve youth

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EXECUTIVE SUMMARY


The Office of Children's Services has completed an audit of the Essex County Children's Services Act (CSA) program. The Essex County CSA program provided services and/or funding for approximately 35 youth and families in fiscal year 2021 (FY21). The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported for FY21, significant achievements for the Essex County CSA program were as follows:

- Child and Adolescent Needs and Strengths (CANS) strength domain exceeded the statewide average by 17.9%. This outcome measure is an indication of increased strengths.
- CANS school domain was 17% higher than the statewide average, demonstrating that needs are decreasing and interventions are achieving the desired impact.
- Percent of foster care children in family-based placements increased 4.7% from FY20 to FY21.
- One hundred percent (100%) of eligible foster care youth exited to a permanent living arrangement. This represents a 30% increase over the previous year, exceeds the statewide target by 14%, and surpasses the statewide average by 18%.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in compliance and internal controls pertaining to fiscal and governance practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources and compliance with statutory requirements. The following significant issues were observed:

- Essex County CSA was reimbursed \$899.74 (state share) in fiscal years 2020-2021 for expenditures incurred that did not meet compliance requirements established by Code of Virginia (COV) § 2.2-5211 Item D. The service purchased (case support) was within the scope of responsibility of another agency and funded separately from the pool.
- Written policies and procedures did not always align with established CSA statutes, policies, guidance, and/or best practices. Further, some local policies and procedures do not reflect the current, actual practices of the local CSA operation. Errors and /or inconsistencies within the policies and procedures manual could unintentionally lead to the misapplication of policies by CSA stakeholders.
- Essex County CPMT/FAPT membership rosters and Individual Family Services Plans (IFSPs) recorded the CSA Coordinator as a voting member of FAPT. Thus, the CSA Coordinator assumes decision-making role rather than act an independent facilitator of meetings.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the CPMT and other CSA staff. Formal responses from the CPMT to the reported audit observations are included in the body of the full report.


Stephanie S. Bacote, CIGA
Program Audit Manager

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Essex County Children's Services Act program. 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 July 5, 2022 and covered the period June 1, 2020 through May 31, 2021.

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 the local CSA program.
- Assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating the local CSA program's operational and utilization review practices.
- Assess the implementation of quality improvements addressing prior audit observations reported by OCS in the final report dated July 25, 2019.

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 Essex County is located in Virginia’s Middle Peninsula. The county was established in 1692 after splitting, along with Richmond County, from the now extinct Rappahannock County. According to the U.S. Census Bureau, State and County Quick Facts, the population as of July 1, 2021 was 10,573 and the median household income from 2016-2020 was \$51,125.

The Children’s Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for youth and their families. The state funds, combined with local community funds, are managed by local interagency teams, referred to as the Community Policy and Management Team (CPMT), which plans and oversees services to youth. The Essex County CPMT has established a Family Assessment and Planning Teams (FAPT) responsible for recommending appropriate services to eligible children and families. The CPMT is supported administratively by a CSA Coordinator. Expenditure demographics for fiscal years 2018 to 2022 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard
(Web link: [CQI Dashboard](#))



		At-A-Glance				
		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Finance	40	40	30	42	35	36
	<small>Distinct Child Count</small>	<small>Distinct Child Count</small>	<small>Distinct Child Count</small>	<small>Distinct Child Count</small>	<small>Distinct Child Count</small>	<small>Distinct Child Count</small>
Demographics/Utilization	1.4M	1.4M	0.9M	1.1M	1.5M	1.0M
	<small>Gross Expenditures</small>	<small>Gross Expenditures</small>	<small>Gross Expenditures</small>	<small>Gross Expenditures</small>	<small>Gross Expenditures</small>	<small>Gross Expenditures</small>
Outcome Measures	1.2M	1.2M	0.9M	1.1M	1.5M	1.0M
	<small>Net Expenditures</small>	<small>Net Expenditures</small>	<small>Net Expenditures</small>	<small>Net Expenditures</small>	<small>Net Expenditures</small>	<small>Net Expenditures</small>
Location	\$30,771	\$30,771	\$29,858	\$25,911	\$42,355	\$27,719
	<small>Average Expenditure</small>	<small>Average Expenditure</small>	<small>Average Expenditure</small>	<small>Average Expenditure</small>	<small>Average Expenditure</small>	<small>Average Expenditure</small>
Essex County	0.3853	0.3853	0.3853	0.3853	0.3853	0.3853
	<small>Base Match Rates</small>	<small>Base Match Rates</small>	<small>Base Match Rates</small>	<small>Base Match Rates</small>	<small>Base Match Rate</small>	<small>Base Match Rate</small>
	0.3878	0.3878	0.3935	0.3700	0.3701	0.3560
	<small>Effective Match Rate</small>	<small>Effective Match Rate</small>	<small>Effective Match Rate</small>	<small>Effective Match Rate</small>	<small>Effective Match Rate</small>	<small>Effective Match Rate</small>

Data is updated through 05/13/2022

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation #1:

Criteria: **Compliance and Internal Control**

Five (5) client case files were examined to confirm that required documentation was maintained in support of and to validate Family Assessment and Planning Team (FAPT) service planning recommendations and Community Policy and Management Team funding decisions. The results of that review indicated Essex County CSA was reimbursed \$899.74 (state share) in fiscal years 2020-2021 for expenditures incurred that did not meet compliance requirements. The exception noted in the table below is deemed significant, as it is critical to evidencing the appropriateness of services and compliance with CSA funding requirements.

Client File Review Exceptions – Fiscal Impact			
Rate	Description		
20% (1/5)	<p>Ineligible Expense/Alternate Funding Source: CSA funds were used to purchase case support. The service is described as “basic case oversight for a child not otherwise open to a public child-serving agency, for whom a case manager is not available through the routine scope of work of a public child-serving agency, and for whom the worker’s activities are not funded outside of the State Pool.” Client records examined indicated that the client was open to the local Department of Social Services during the period of review. (COV § 2.2-5211, CSA Policy 4.5 Fiscal Procedures, and CSA Service Names)</p>		
Service Description	Service Period ^{Note}	Total Cost	State Share
Case Support	April 2020 – June 2020	\$1,114.50	\$899.74
<p>Note: Payments for services rendered April-June 2020 were submitted for reimbursement in July 2020</p>			

Recommendations:

1. Prior to authorizing funding for the purchase of case support, the FAPT and CPMT should verify that clients are not otherwise open to a public child-serving agency.
2. Periodic case file reviews should be performed by someone other than the CSA Coordinator, establishing quality control of client records and to ensure compliance with CSA statutory requirements.
3. The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observations 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:

The Essex County CSA Coordinator and the Essex County CPMT agree with the auditor’s observation #1.

B) CPMT GOVERNANCE

Observation #2:

Criteria:

Internal Control

Written policies and procedures did not always align with established CSA statutes, policies, guidance, and/or best practices. Further, some local policies and procedures do not reflect the current, actual practices of the local CSA operation. Errors and/or inconsistencies within the policies and procedures manual could unintentionally lead to the misapplication of policies by CSA stakeholders. A review of Essex County CSA Office of policy/procedure manual dated effective November 2020, and Procedures Manual 4th Edition noted the following opportunities for improvement:

1. Section III.C.2 Least Restrictive Educational Placement Mandate states *“If the FAPT determines that the child cannot be maintained in the school/community then the team shall identify the least restrictive alternative which maximizes continued family participation in the child’s daily routines.”* The statement suggests FAPT has discretion to determine LRE. However, such determinations are at the sole discretion of the Individualized Education Program (IEP) Team.
2. Section III.D Age of Eligible Youth states *“Targeted youth (as defined above in 1. (b), (4) and (5) for whom services are not mandated are also eligible to receive services, as defined in the service plan, through age 21, if these services were initiated before the youth was 18 years of age, or if these services were ordered by a court competent jurisdiction in accordance with COV 16.1-286 and/or 16.1-242.”* There is no provision for the funding of services beyond the age of 18 for these targeted youth.
3. Section V.F.6 The Individual Family Service Plan and the Court states *“Court ordered non-mandated services receive priority for funding over non-mandated services for other eligible youth.”* The current language suggests prioritization of access to funds is not determined by the level of need, particularly where the availability of protected funds may be limited.
4. Section VIII. A. Funding Authorization states:
 - a. *“2. Emergency Funding requests may be approved by chair or vice-chair of the CPMT is authorized to provide immediate access to funds for emergency services or shelter up to \$10,000 per placement until the next CPMT meeting. In the event of extreme cases the Chair or Vice-Chair of CPMT may request funding approval of CPMT via email correspondence. There must be a quorum through the email in order for approval of the request. 3. In the event of an extreme emergency, the FAPT can authorize services for an amount not to exceed \$5,000 per case for a 5 day period.”* This practice grays the lines of authority and responsibility for funding authorization. It also lacks clarity regarding FAPT action. “Extreme emergency” is undefined. Does it require authorization by the full FAPT or is it subject to emergency FAPT rules. Where policy allows for the CPMT Chair or Vice Chair to approve an emergency funding request, funding approval by FAPT can be construed as an override of controls intended to maintain segregation of duties regarding service planning and funding authorization.

- b. *"4. The authority to approve expenditures for cases involving only the payment of foster care maintenance is delegated by CPMT to the Local Director of the Department of Social Services. Special needs payments to DSS foster families shall be approved by the DSS Director based on a rate scale approved by CPMT."* The policy does not address CPMT oversight/monitoring of foster care maintenance expenditures authorized on their behalf by the DSS Director. Further, VDSS Foster Care Policy 18.2.2.1 bullets 3 and 8 prohibits special needs payments to DSS foster families that are not determined via the Virginia Enhanced Maintenance Assessment Tool process.
5. Section VIII. B.4 CPMT Holding Space Policy states *"In those instances when a child leaves his authorized placement during short-term hospitalization or similar incident, in order to hold space for the child, the authorized vendor can be paid for 1-14 days at the discretion of the case manager, and 14-21 days at the discretion of the agency director."* As written, the policy is misleading by suggesting the use of CSA funds is always allowable beyond 14 days. In the case of foster care maintenance, use of CSA funds may not be appropriate beyond 14 days. VDSS Foster Care Policy 18.1.4 provides guidance regarding allowable maintenance payments during temporary absences.

Recommendations:

The CPMT should review and revise policies and procedures manuals ensuring they align with the COV, CSA Policy Manual, and all other relevant partnering agency manuals. In addition, policy and procedures should reflect the actual practices of the program.

Client Comment:

The Essex County CSA Coordinator and the Essex County CPMT agree with the auditor's observation #1.

Observation #3:

Criteria:

Internal Control

The CSA Coordinator Model Employee Work Profile (EWP) describes the role as a "Liaison with FAPT; provide administrative and logistical support for CPMT and FAPT." Essex County CPMT/FAPT membership rosters and Individual Family Services Plans (IFSPs) recorded the CSA Coordinator as voting member of FAPT. Local policy also states "For purposes of establishing a quorum, FAPT members representing at least three of each of the four participating agencies or the CSA Coordinator and two agencies must be present." Thus, the CSA Coordinator assumes a decision-making role rather than act an independent facilitator of meetings. The current organizational structure blurs the line governing the scope of authority and responsibility, as well as the independence/objective role of the CSA Coordinator. It further undermines the segregation of duties control overseeing operational and fiscal transactions.

Recommendation:

To maintain the independence of the CSA Office, the CPMT should reconsider the CSA Coordinator's role as a voting member of the FAPT.

Client Comment:

The Essex County CSA Coordinator and the Essex County CPMT agree with the auditor's observation #1.

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Essex County CSA program, particularly in reference to operational and governance practices and fiscal activities. Conditions were identified pertaining to programmatic/statutory compliance, operating, and fiscal practices of the locally administered program that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on June 13, 2022, to present the audit results to the Essex County CPMT. Persons in attendance representing the Essex County CPMT were as follows:

Department of Social Services: Candace Mickelborough, CPMT Chair

Essex County Public Schools: Tara Temple

Middle Peninsula Northern Neck Community Services Board: Emily Eanes

Essex County Health Department: Margaret Mitchell

Court Services Unit: Thomas Tomlin

Local Elected Official: Sherriff Walter Holmes

Private Provider Representative: Alicia Carter, Excel Intervention & Therapeutic Services

CPMT Fiscal Agent: Mary Davis

CSA Coordinator: Angela Self

Representing the Office of Children's Services was Stephanie Bacote, Program Audit Manager.

We would like to thank the Essex County Community Policy and Management Team and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Michael Lombardo, Essex County Administrator

Candace Mickelborough, CPMT Chair
Essex County Department of Social Services

Mary Davis, CPMT Fiscal Agent

Angela Self, CSA Coordinator