

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

Giles County

***Audit Report No. 01-2018
August 30, 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 Giles County Children's Services Act (CSA) programs. The Giles County CSA program provided services and/or funding for 103 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 2017, significant achievements for the Giles County CSA program include:

- Percent of youth with a decrease in the Child and Adolescent Needs and Strengths (CANS) child behavioral/emotional needs domain exceeds the statewide average by 13.1%.
- Percent of youth with a decrease in CANS school domain exceeds the statewide average by 1.6%
- Percent of youth receiving Intensive Care Coordination (ICC) against those in residential exceeds the statewide average by 54.0% and the state target by 13.9%.
- Percent of foster care children in family based placements exceeds the statewide average by 5.5% and the state target by 1.5%.
- Percent of children who exit from foster care to a permanent living arrangement exceeds the statewide average by 6.8% and the state target by 3.2%.

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 affect compliance with statutory requirements. The following issues were identified:

- The Giles County Community Policy and Management Team (CPMT) does not perform comprehensive utilization management. As indicated by the minutes recorded of the CPMT meetings, there is no evidence of CPMT's utilization management activities that met the requirements established by Code of Virginia (COV) § 2.2-5206, item 13.
- Consent to Exchange Information forms, required per COV § 2.2-5210, were missing or expired for three (3) out of eleven (11) (27%) client files examined. This is a repeat observation from the New River Valley/Pulaski-Giles CSA Program audit dated September 18, 2017.
- Expenditures were misclassified and recorded incorrectly in the pool fund reimbursement requests for two (2) out of eleven (11) (18%) client files reviewed.

OCS appreciates the cooperation and assistance provided on behalf of the Giles County CPMT and CSA staff. Formal responses from the Giles County CPMT 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 of Children's Services (OCS) has completed a financial/compliance audit of the Giles County Children's Services Act (CSA) 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 August 29, 2018 and covered the period April 1, 2017 through March 31, 2018.

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

Giles County encompasses 356 square miles and is bordered by West Virginia and the Virginia counties of Bland, Pulaski, Montgomery and Craig. According to the U.S. Census Bureau's Quick Facts for States, Counties and Cities with a population of 5,000 or more, the July 1, 2017 population of Giles County was 16,837 and the median household income was \$47,675.

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. 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 one Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services. Administrative services are managed through the local CSA office staffed by a CSA Coordinator and a Utilization Review Specialist. Expenditure and demographic information for fiscal years 2015 to 2017 are depicted below:

CSA Pool & Census Data by Fiscal Year for Giles County (2015-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2015	75	3	4%	\$1,272,506	-\$164,979	-11%	\$16,967	-15%
2016	98	23	31%	\$1,622,137	\$349,631	27%	\$16,552	-2%
2017	103	5	5%	\$1,862,876	\$240,739	15%	\$18,086	9%

Note: Changes recorded for FY 2015 are based on differences from fiscal year 2014 to 2015.

FY	Pool Expenditures
2015	\$1,272,506
2016	\$1,622,137
2017	\$1,862,876

FY	Census
2015	75
2016	98
2017	103

FY	Unit Cost
2015	\$16,967
2016	\$16,552
2017	\$18,086

OBSERVATIONS AND RECOMMENDATIONS

A) GOVERNANCE ACTIVITIES

Observation: # 1:

Criteria

Compliance and Internal Control

The Giles County CPMT has not established a comprehensive utilization management plan and there is no evidence in the CPMT meeting minutes of utilization management activities that include:

1. “review and analysis of data in management reports provided by the Office of Children’s Services in accordance with subdivision D 18 of [§ 2.2-2648](#) to help evaluate child and family outcomes and public and private performance in the provision of services to children and families through the Children’s Services Act program,” or
2. “review of local and statewide data provided in the management reports on the number of children served, children placed out of state, demographics, types of service provided, duration of services, service expenditures, child and family outcomes, and performance measures.”

Utilization management responsibilities are governed by the Code of Virginia [§ 2.2-5206](#), item 13. It is a key element in the CPMT’s monitoring activities for assessing the appropriateness and effectiveness of services purchased, which is critical to ensure the CPMT is well informed when carrying out its decision making responsibilities.

Recommendation

The Giles County CPMT should periodically, at least annually, review and analyze local and statewide data provided in OCS management reports that are available on the CSA website, specifically but not limited to:

- [State & Local CSA Performance Measures \(Excel Application\)](#)
- CSA Utilization Reports
- OCS Reports to the General Assembly (weblink: <http://www.csa.virginia.gov/OCSDData/ReportsPublications>)

The results of Utilization Management review and analysis should be recorded in the CPMT meeting minutes along with any supplemental materials presented.

Client Comment

The CPMT Chair will ensure that the CPMT establishes a comprehensive utilization management plan with the activities included – review and analysis of data management reports and review of local and statewide data provided by OCS.

Observation # 2:

Criteria

Compliance and Internal Control Repeat Observation

The Code of Virginia, Children’s Services Act § 2.2-5210, requires that consent-to-exchange information be obtained from the parent and/or legal guardian to share client information collected by partnering agencies and other providers with the local CSA representatives. The consent to exchange information for three (3) out of eleven (11) (27%) case files was either missing or expired. Failure to document that consent was properly obtained increases the likelihood of non-compliance with CSA statutory requirements and potential liability due to the unauthorized exposure of protected information. This is a repeat observation from the New River Valley/Pulaski-Giles CSA Program audit dated September 18, 2017.

Recommendation

The FAPT and CSA Coordinator should ensure that all required documentation is maintained in client case files, including Consent to Exchange Information forms.

Client Comment

The CPMT Chair will ensure that the FAPT members have the proper and up to date consent-to-exchange information forms in the files signed by the parent of guardian before the case is discussed by FAPT. This will be coordinated with the CSA Coordinator and FAPT chair.

B) FISCAL ACTIVITIES

Observation # 3:

Criteria

Internal Control

Expenditures were misclassified and recorded incorrectly in the pool fund reimbursement requests for two (2) out of eleven (11) (18%) client files reviewed. Expenditures classified as community-based services were improperly recorded in the pool fund expenditure category for family foster care. The local incentive match rate for community-based services has a lower match rate than family foster care, which resulted in Giles County paying a higher share of the costs for services provided.

Recommendation

The Giles County, CSA Coordinator and/or fiscal agent should ensure expenditures are reported in the appropriate expenditure category prior to the submission of the pool fund reimbursement report.

Client Comment

The CPMT Chair will work with the CSA Coordinator to ensure the correct pool fund reimbursement/expenditure code is chosen.

CONCLUSION

Our audit concluded that there were deficiencies in compliance with statutory requirements and internal controls pertaining to governance oversight and fiscal activities. An exit conference was conducted on August 21, 2018 to present the audit results to the Giles County CPMT. Persons in attendance representing the Giles County CPMT were:

CPMT: Sherri Nipper-Williams, department of social services representative – CPMT Chair; James Pritchett, community services board representative; Mona DiGiulian, private provider representative; Larry “Jay” Williams, elected/appointed official representative; Eric Gentry, community representative; Doug Poe, court services unit representative; Michelle Walkup, parent representative; Dr. Terry Arbogast, II, local school division representative; Becky Daniels, department of health representative

CSA Staff: Caryl Allen, CSA Coordinator; Lisa Bostic, Utilization Review Specialist

Representing the Office of Children’s Services was: Donald Barcomb, Program Auditor.

We would like to thank the Giles County CPMT and Giles County CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Chris McKlarney, Giles County Administrator

Sherri Nipper-Williams, CPMT Chair

Angela Higginbotham, CPMT Fiscal Agent
Giles County Treasurer

Caryl Allen, CSA Coordinator

SEC Finance and Audit Committee