

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

Halifax County

Audit Report No. 14-2015

April 5, 2017



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 Halifax County Children's Services Act (CSA) program. The Halifax County CSA Program provided services and/or funding for 96 youth and families during fiscal year 2015 and 89 youth through second quarter ending fiscal year 2016. The audit included review and evaluation of management oversight, operational, and fiscal practices. Evidenced by the following achievements, the Community Policy and Management Team (CPMT) responsible for oversight of the CSA program demonstrated that efforts were made to ensure that effective services were provided to eligible youths and families:

- Percentage of youth with a decrease in the child behavioral/emotional domain as reported via the Child and Adolescent Needs Strengths (CANS) exceeds the statewide average by 12.9% in fiscal year 2015 and 25.3% in fiscal year 2016. Decreases in CANS scores are generally indicative of improved functioning.
- Percentage of youth receiving community based services out of all youth receiving services is 13.5% higher than the established statewide target for fiscal year 2015 and 11% higher for fiscal 2016 .

However, there are additional opportunities to effect quality improvements in other areas of the CSA program. Our audit concluded that there were major deficiencies¹ in internal controls that could adversely impact the effective and efficient use of resources, accomplishment of program objectives, as well as compliance with statutory requirements. The following significant issues were identified:

- Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to coordination and planning by the Family Assessment and planning Team, such as: (1) CANS assessments, (2) service plan data elements (needs, goals, outcomes, etc.), and (3) evidence of utilization reviews.
- The Halifax CSA Program was reimbursed \$6,727.69 (state share) in Fiscal Years 2015 and 2016 where: (1) the Child and Adolescent Needs Strengths assessments were not completed in accordance with CSA policy, (2) services funded outside of the FAPT process and not evidenced in an Individual and Family Services Plan (IFSP), and/or (3) justification was not documented for CSA funding of treatment foster care case management for which Medicaid denied funding.
- The Halifax County CPMT has not established aggregate performance measures to assess overall program effectiveness. Monthly meeting minutes and accompanying reports did not evidence 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 services provided, duration of services, service expenditures, child and family outcomes, and performance measures."

¹ Major deficiency is defined as an internal control deficiency or combination of deficiencies that severely reduces the likelihood that the entity can achieve its' objectives." Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, May 2013.

OCS appreciates the cooperation and assistance provided on behalf of the Halifax County CPMT and other CSA staff. Formal responses from the Halifax County 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 Children's Services (OCS) has completed a financial/compliance audit of the Halifax County Children's Services Act (CSA) program. The audit was conducted in accordance with generally accepted government 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 4, 2017 and covered the period March 1, 2015 through February 29, 2016.

The objectives of the audit were to:

- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To 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.
- To 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

Halifax County was created from Lunenburg County by a legislative act of 1752. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Halifax County has a population estimate of 35,584 as of July 1, 2016. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2011-2015 as \$35,240.

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. The state funds, combined with local community funds, are managed by local interagency teams, referred to as Community Policy and Management Teams (CPMT) who plan and oversee services to youth. The Halifax County CPMT was established to comply with this statute. The CPMT is supported in this initiative by the Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services. Administrative services are managed through the local CSA office staffed by the CSA Coordinator. Expenditure and demographics for fiscal years 2014 to 2016 are depicted below:

CSA Pool & Census Data by Fiscal Year for Halifax (2014-2016)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2014	95	-25	-21%	\$2,172,283	-\$801,465	-27%	\$22,866	-8%
2015	96	1	1%	\$2,502,879	\$330,596	15%	\$26,072	14%
2016	105	9	9%	\$2,650,684	\$147,805	6%	\$25,245	-3%

Note: Changes recorded for FY 2014 are based on differences from fiscal year 2013 to 2014.

FY	Pool Expenditures
2014	\$2,172,283
2015	\$2,502,879
2016	\$2,650,684

FY	Census
2014	95
2015	96
2016	105

FY	Unit Cost
2014	\$22,866
2015	\$26,072
2016	\$25,245

**SECTION 1 – MAJOR DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS**

A) PROGRAM ACTIVITIES

Observation #1:

Criteria Compliance and Internal Control

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Thirteen (13) case files were examined to confirm that required documentation was maintained in support of and to validate FAPT recommendations for services and state pool funding decisions. At least one exception was noted in each of the 13 (100%) of the case files reviewed.

Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to coordination and planning by FAPT. Documentation that could not be verified from the client case files or were not available for review included:

Document Descriptions	Exception Rate
• Services were not documented in an Individual Family Service Plan (IFSP) – random drug screens or psychological assessments	38% (5 of 13)
• FAPT/CPMT action (approved/denied) was not specifically indicated on the Authorization to Expend Pool Funds, though FAPT/CPMT signature was documented	69% (9 of 13)
• Individual Family Service Plans (IFSP) missing and/or inconsistent data elements: measurable outcomes, strengths, needs, service date, parent/guardian signatures, FAPT signature, etc.	62% (8 of 13)
• Missing and/or open Child and Adolescent Needs and Strength (CANS) Assessments (annual, reassessment, and/or discharge)	31% (4 of 13)
• Missing evidence of utilization reviews	15% (2 of 13)
• Missing vendor documents (invoices, treatment plans, progress reports)	15% (2 of 13)

Insufficient data collection and poor document management for service planning may lead to increased operational and fiscal inefficiency/ineffectiveness of the local program. Further, the local program is at risk of potential loss of accessibility for reimbursement of the state share of pool fund reimbursements for expenditures authorized based on the service planning recommendation of the FAPT that is not fully compliant with CSA statutes and related policies and procedures required to access state pool funds.

Recommendation

Prior to service planning, the CSA Administrator and the FAPT should ensure that minimum documentation requirements are met and correspondence is maintained in the client case file or readily accessible in order to substantiate services recommended to CPMT for funding authorization. Periodic case reviews should be performed by someone other than the CSA Administrator to establish quality control of client records and to ensure compliance with CSA policy and statutory requirements.

Client Comment

Concur. "In order to prevent these issues from occurring in the future, case managers are now required to send their FAPT packets (to include completed IFPS, CANS and progress reports/treatment plans) to the CSA Coordinator one week prior to the meeting for review. It has also been implemented that CSA cases will be reviewed monthly with the IVE cases at the staff meetings and random cases will be selected by the CPMT to review at least quarterly to ensure they contain the adequate information."

B) FISCAL ACTIVITIES**Observation #2:****Criteria Compliance and Internal Control**

The Halifax CSA Program was reimbursed \$6,727.69 (state share) in Fiscal Years 2015 and 2016 where: (1) the Child and Adolescent Needs Strengths assessments were not completed in accordance with CSA policy, (2) services funded outside of the FAPT process and not evidenced in an Individual and Family Services Plan (IFSP), and/or (3) justification was not documented for CSA funding of treatment foster care case management (TFC-CM) for which Medicaid denied funding. Use of state pool funds under these circumstances constitutes non-compliance with CSA statutory requirements and policies.

Client	Exception Description	Questionable Costs**
001	Initial CANS	\$1,357.92
002	IFSP	\$1,086.34
003	IFSP	\$1,086.34
004	IFSP	\$37.09
005	IFSP	\$706.56
006	Justification for funding TFC-CM	\$2,360.70
007	IFSP	\$92.74
Total (State Share)		\$6,727.69

**Figures were based on client payment history reports.

Recommendation

1. 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.
2. The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the questioned costs will be voluntarily restored. 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

Concur. "Since the audit, there are plans and measures in place to ensure that the appropriate paperwork is being submitted and that all cases are being reviewed through the FAPT process that is necessary. It has been implemented that the CPMT will review new cases from different disciplines (if available) from the previous quarter to occur on a quarterly basis to ensure proper documentation has been provided."

"Although the cases in question were not done outside the FAPT process intentionally, we understand that these are cost that require reimbursement and are prepared to reimburse those cost."

C) CPMT GOVERNANCE ACTIVITIES

Observation #3:

Criteria

Compliance and Internal Control

The Halifax County CPMT has not established aggregate performance measures to assess overall program effectiveness. Monthly meeting minutes and accompanying reports did not evidence 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 services provided, duration of services, service expenditures, child and family outcomes, and performance measures. Additionally, teams shall track the utilization and performance of residential placements using data and management reports to develop and implement strategies for returning children placed outside of the Commonwealth, preventing placements, and reducing lengths of stay in residential programs for children who can appropriately and effectively be served in their home, relative's homes, family-like setting, or their community." UM/UR is a key element in CPMT monitoring activities in assessing the validity and effectiveness of services purchased, which is critical to ensure that the CPMT is well-informed when carrying out its decision-making responsibilities.

Recommendation

The CPMT should establish performance metrics to monitor and analyze overall effectiveness of the local CSA program, to include but not be limited to, utilization of OCS' management reports available on the CSA website.

Client Comment

Concur. "After the preliminary findings of the audit were discussed last year, the management reports were added to the CPMT agenda to compare and discuss to better monitor the overall effectiveness of our local program. These reports are being reviewed at least quarterly at the CPMT meetings."

**SECTION 2 – OTHER DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS**

E) CPMT Governance Activities

Observation #3:	
Criteria	Internal Control
<p>Long-range planning documents do not reference goals established for fiscal years 2015-2016. Goals were identified for fiscal year 2014. However, target dates were not identified nor was there a formal indication that the same goals were adopted by the CPMT through the current fiscal year. The revised local policy manual dated July 2015 indicated the adoption of a formal plan that includes target dates. CPMT meeting minutes from March 2015 through February 2016 do not denote any discussions regarding efforts tied to current strategic planning activities.</p>	
Recommendation	
<p>The CPMT should ensure that coordination of long-range planning is documented. Established goals, objectives, strategies relative to the plan should include target dates for achievement. The CPMT should consider adding monitoring of the long-range plan as a monthly meeting agenda item.</p>	
Client Comment	
<p>Concur. "Discussion of the long range plan will be added to the monthly CPMT agenda beginning April 2017 to ensure that we are monitoring and maintaining our goals more closely. Moving forward the objectives and target dates will be clearly identified as well."</p>	

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Halifax County CSA program. Conditions were identified that could adversely impact the effectiveness and efficient use of resources, accomplishment of program objectives, as well as compliance with statutory requirements. An exit conference was conducted on March 28, 2016 to present the audit results to the Halifax County CPMT. Persons in attendance representing Halifax County CPMT were:

Jim Halasz, County Administrator/CPMT Vice-Chair

Kara Comer, Court Services Unit Supervisor/CPMT Chair

Kathy Andrews, Director of Social Services/CPMT Fiscal Agent

Jeff Davis, Director of Special Education Services

Julia Gwaltney, Nursing Manager, Department of Health

Lisa Green, Supervisor Children's Services, Community Services Board

Sue Bamberg, Parent Representative

Debra Savage, Private Provider Representative

Tiffany Leath, CSA Coordinator

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

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

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

James M. Halasz, Halifax County Administrator

Kara Comer, CPMT Chair

Kathy Andrews, CPMT Fiscal Agent

Tiffany Leath, CSA Coordinator

SEC Finance and Audit Committee