

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

***Henry/Martinsville
Self-Assessment Validation***

Final Audit Report No. 08-2021

June 7, 2021



Office of Children's Services
Empowering communities to serve youth

Report Disclaimer

Due to the COVID-19 pandemic, onsite visits to validate management's conclusions have been suspended until further notice. In lieu of onsite visits, self-assessment validation activities were conducted remotely.



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

OFFICE OF CHILDREN'S SERVICES
Administering the Children's Services Act

June 7, 2021

Emily Roop, CPMT Chair
Henry County Public Schools
P.O. Box 8958
Collinsville, VA 24078

Paulette Simington, CPMT Chair
Martinsville City Public Schools
746 Indian Trail
Martinsville, VA 24112

RE: Henry/Martinsville CSA Program Self-Assessment Validation
Final Report, File No. 08-2021

Dear Ms. Roop and Ms. Simington,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Year 2021, the Henry/Martinsville Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local Children's Service Act (CSA) Program. Based on the review and examination of the self-assessment workbook and supporting documentation provided by the Henry/Martinsville CSA program completed March 26, 2021 and covering the period February 1, 2020 through January 31, 2021, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Henry/Martinsville CPMT that significant observations of non-compliance or internal control weaknesses were found in the design or operation of the processes or services conducted on behalf of the Henry/Martinsville CSA Program. The explanations for our assessment results are as follows:

The Henry/Martinsville CPMT concluded that there were significant non-compliance and/or internal control weakness observations noted. A summary of non-compliance and/or internal control weaknesses reported by the CPMT are included as Attachment A to this report. While the CPMT reported non-compliance and internal control weakness, validation procedures identified additional deficiencies not originally reported by the CPMT. Specifics pertaining to the Henry/Martinsville CSA Program are detailed on pages 2 through 7..

SIGNIFICANT NON-COMPLIANCE AND INTERNAL CONTROL WEAKNESS

1. During the period of review, expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State and local CSA policies and procedures were not met. Notable exceptions were present in four (4) client records examined. Itemized below are the specific issues observed. Refer to Table A for detailed breakdown of the applicable questioned costs.
 - A. Foster care maintenance costs totaling \$19,541.48 were funded by CSA on behalf of six (6) Title IV-E eligible clients. Upon the auditor’s notification of the oversight, Henry/Martinsville Social Services recorded refunds to reimburse CSA for costs applicable to four (4) of the six (6) clients. Program audit staff confirmed that reimbursement to CSA was completed March 31, 2021. The state share of questioned costs for the remaining two clients equates to \$2,540.53. COV [§ 2.2-5211](#) states “the community services board, the local school division, local social services agency, court service unit or Department of Juvenile Justice shall continue to be responsible for providing services identified in individual family service plans that are within the agency's scope of responsibility and that are funded separately from the state pool.” (Table A: Clients A, B and D through G)
 - B. In accordance with the current Appropriation Act and CSA Policy 4.4.2 Medicaid Funded Services, CPMT shall use Medicaid-funded services whenever they are available for the appropriate treatment of children and youth receiving services. Residential treatment services funded by Medicaid require assessment by an Independent Assessment and Care Coordination Team (IACCT). Martinsville CPMT referred a Medicaid eligible client for an IACCT assessment in April 2020, upon initiating an emergency residential placement. However, the IACCT assessment and Medicaid authorization of funding was not completed until June 2020, eleven days prior to the client’s discharge. Medicaid authorization did not include coverage from the date of admission, resulting in CSA funding expenditures totaling \$29,631. The state share reimbursed to the locality was \$19,426.08. The treatment provider nor the CSA office sought an appeal for reconsideration to restore the authorization period to the date of admission, on the basis that the referral was made timely and the delay in completing the IACCT assessment was due to no fault of the local CSA office or the service provider. (Table A: Client C)

Table A- Fiscal Noncompliance Errors					
Client	Locality	Error Type	Period of Services	Total Expenditures	State Share
C	Martinsville	B	April 2020 - June 2020	\$29,631.00	\$19,426.08
Subtotal (Martinsville)				\$29,631.00	\$19,426.08
A	Henry	A	April 2020 - June 2020	\$1,784.69	\$1,287.48
B	Henry	A	April 2020 - June 2021	\$1,736.98	\$1,253.06
D*Note	Henry	A	April 2020 - June 2022	\$4,366.13	\$0
E*Note	Henry	A	April 2020 - June 2023	\$3,660.24	\$0
F*Note	Henry	A	April 2020 - June 2024	\$3,660.24	\$0
G*Note	Henry	A	April 2020 - June 2025	\$4,373.20	\$0
Subtotal (Henry County)				\$19,541.48	\$2,540.53
Total Questioned Cost				\$58,788.66	\$21,966.61
Error Description: A- eligible IV-E expense B- Medicaid eligible expense					
Note *: Payments confirmed as refunded to OCS 3/31/2021					

SIGNIFICANT NON-COMPLIANCE AND INTERNAL CONTROL WEAKNESS

2. Henry County CPMT entered into a CSA Parental Agreement for an out-of-home placement in error. Details provided in Individual and Family Services Plans reference the LDSS' establishment of a foster care prevention case in 2018 and active engagement with the child/family thereafter. Most notably, the Family Services Supervisor is cited as the individual presenting the case to FAPT (i.e. case manager) for consideration of court-ordered residential services. Pursuant to Virginia Department of Social Services Child and Family Services Manual Section E.3.7.5.2 CSA Parental Agreements, "The LDSS cannot be the case manager. If the LDSS is the case manager, the child shall be in foster care and a Noncustodial Foster Care Agreement shall be used."

While a CSA Parental Agreement grants access to families to the full array of foster care services, the child is not considered to be in foster care and is not subject to the requirements, policies, and protocols (i.e., court hearings, title IV-E eligibility determinations, etc.) required for children in foster care. Where determined Title IV-E eligible, the burden of CSA funding the full costs associated with the out-of-home placement is reduced due to shared responsibility of the two funding streams.

RECOMMENDATIONS

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding i.e., meeting all federal and state requirements. Specifically ensuring that expenditures are not eligible for other funding sources such as Medicaid and/or Title IV-E and 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 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 based on SEC approved policy 4.7 Response to Audit Findings of whether the identified actions are acceptable or any additional actions that may be required.
3. The CPMT and CSA Coordinator should review all out of home placements funded by CSA where the parent retains custody to ensure transactions are managed and documented in accordance with established policies and procedures governing CSA Parental Agreements and a VDSS Non- Custodial Agreements.

CLIENT COMMENT

"Error A Client A & Client B for Henry County have been issued a refund from Title IV-E via Check# 60070635. This will be reflected on the May LEDRS and Pool Report.

Error B Client C for Martinsville City -It is the belief of the CPMT that this was no fault of the CSA office. The CSA Coordinator accepted her position in December of 2019 and then due to the pandemic did not receive adequate or proper training to perform her job duties until 6 months later. The CPMT office and documentation in the MDP 2 show due to no fault of the local CSA office the IACCT was not completed timely. The CSA office was not notified until May 24, 2020 that there was an issue with the IACCT. The CSA Coordinator was not aware it was her responsibility to appeal the decision and during a recent situation with another case was told by Magellan the provider has to appeal the decision not CSA. Given the circumstances of the pandemic, and lack of training, Martinsville CPMT does not agree with the decision of this questioned costs. A review of residential placements has been done and currently there are no residential placements where IACCT has not been completed and is an issue."

CLIENT COMMENT CONTINUED

“All CSA Parental Agreements currently in effect have been reviewed for policy compliance and no violations or weaknesses were found.”

SIGNIFICANT INTERNAL CONTROL WEAKENSS

3. Data integrity and the reliability of information reported by Henry/Martinsville CSA office to OCS needs improvement. Financial reporting errors were identified that pertain to collected refunds and expenditure coding, particularly service name descriptions. Identified in the review of refunds categories. The reporting errors were pervasive throughout the period of review, indicating that internal controls for review and monitoring to ensure data accuracy and integrity are not working as intended. It also undermines the reliability of publicly available financial and performance data used by state and local stakeholders for decision making. The errors observed include the following:

A. **Refunds.** CSA Refund Reports for FY 2019-2021 show that Henry/Martinsville has not reported any parental copay collections or Title IV-E refunds during that period (see Exhibit A below). Upon notification, CSA staff researched the matter and determined that Title IV-E refunds were incorrectly recorded as child support collections. Adjusting entries totaling \$16,019.81 were immediately processed to correct errors in FY 2021 data, and confirmed by the auditor as completed.

Exhibit A

LEDRS Refund Reports for FY 2017-2021

<https://www.csa.virginia.gov/OCSPoolReports/PoolReports/RefundReport>

FY	FIPS	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support		Other	Total
						through DCSE	Reclaimed under IV-E		
21	89	Henry	2,814.94	-	3,508.00	23,435.89	-	1,390.22	31,149.05
20	89	Henry	1,801.80	-	6,595.03	12,474.68	-	9,014.09	29,885.60
19	89	Henry	40,307.86	-	27,014.80	18,755.38	-	1,251.50	89,329.54
18	89	Henry	-	-	7,934.83	20,378.35	-	5,848.65	34,161.63
17	89	Henry	-	-	5,395.00	31,034.00	(1,106.57)	9,318.44	44,641.28
21	690	Martinsville	19,442.53	-	-	969.60	-	326.50	20,738.63
20	690	Martinsville	-	-	259.12	2,852.28	-	10,628.44	13,739.84
19	690	Martinsville	-	-	-	6,079.27	-	19,434.00	25,513.27
18	690	Martinsville	-	41.20	-	3,256.55	-	30,357.07	33,654.82
17	690	Martinsville	-	-	-	4,357.11	-	-	4,357.11

Note: FY 21 refunds reported as of 4/30/21.

SIGNIFICANT INTERNAL CONTROL WEAKNESS

B. Client Payment Detail reports for 50% (4 of 8) of selected clients included one or more service name reporting errors. Table B shown below describes the specific errors in greater detail.

TABLE B- SERVICE NAME ERRORS						
Locality	Client	Period of Services	Incorrect Service Name	Correct Service Name	Value of Errors	Fiscal Impact
Martinsville	D	Nov. 2020	Outpatient Services	Family Support Services	\$ 1,500	\$0 Service name errors do not affect the allocation of the local match rate
	H	Aug. 2020 - Nov. 2020	Individualized Support Services	Foster Care Maintenance	\$ 1,744	
Henry	H	Jan. 2020 - Jul. 2020	Residential Daily Supervision	Foster Care Maintenance	\$ 3,052	
	I	Feb. 2020 - Nov. 2020	Individualized Support Services	Mentoring	\$ 120	
			Case Support	Intensive Care Coordination	\$ 3,265	
			Special Education Related Services	Special Education Private Day	\$ 11,124	
J	Feb. 2020 - Dec. 2020	Treatment Foster Care Case Management	Private Foster Care Support, Supervision and Administration	\$ 12,040		
Total					\$ 32,845	

RECOMMENDATION

1. The CPMT should conduct an immediate review of refunds for the current fiscal year to ensure they are reported in the correct refund category.
2. The CSA Office and fiscal agents for each locality should perform a quality control review to ensure all expenditures are reported under the correct service name prior to the submission of the pool reimbursement report each month.

CLIENT COMMENT

“An immediate review of all refunds for the current fiscal year was conducted and corrected if necessary to show in the correct refund category. This was completed with the April LEDRS and Pool Report. CSA Program Auditor introduced CSA Coordinator to the services description printout. With this document the CSA Coordinator along with CPMT corrected all purchase orders under the CSA service name descriptions.”

The CPMT took immediate action upon notification of the non-compliance and internal control weaknesses and has submitted a complete and satisfactory quality improvement plan addressing all observations.

Emily Roop, CPMT Chair and Paulette Simington, CPMT Chair
Henry/Martinsville CSA Program Self-Assessment Validation
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We would like to thank the Henry/Martinsville Community Policy and Management Teams and related CSA staff for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the excellent assistance and cooperation that was provided by Robin Turner, CSA Coordinator during our review. Mrs. Turner's efforts enabled the audit staff to resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,



Annette E. Larkin, MBA
Program Auditor



Stephanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
Tim Hall, Henry County Administrator
Leon Towarnicki, Martinsville City Manager
Darrell Jones, Henry County CPMT Fiscal Agent
Linda Conover, City Martinsville CPMT Fiscal Agent
Robin Turner, CSA Coordinator

Attachment



CSA Self-Assessment Validation
 Henry/Martinsville CSA Program Audit- SAV
 Summary of Self-Reported Non-Compliance and/or (Non-significant) Internal Control Weakness

Observations	Criteria	Prior Audit Repeat Observation	Quality Improvement Plan Submitted	Quality Improvement Plan Action Date
1. The FAPT or approved alternative MDT, in accordance with the policies of the CPMT, shall determine that a child is eligible for CSA funding as a “child in need of services” (CHINS) when the FAPT or MDT determines and documents that there are sufficient facts that a child meets all four of Criteria.	SEC Policy Manual and CSA User Guide Policy Manual, Section 4.1.1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Completed 3/25/21
2. Where parental or legal guardian financial contribution is not specifically prohibited by federal or state law or regulation, or has not been ordered by the court or by the DCSE, assess the ability of parents or legal guardians, utilizing a standard sliding fee scale, based upon ability to pay, to contribute financially to the cost of services to be provided and provide for appropriate financial contribution from parents or legal guardians in the IFSP. And to maintain verification of clients on public assistance.	SEC Policy Manual and CSA User Guide Policy Manual, Section 3.5 and COV § 2.2-5208	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Completed 3/25/21
3. Ensure Statement of Economic Interest Forms are filed by February 1 for applicable public officials serving as CPMT/FAPT members and local CSA staff.	SEC Policy Manual and CSA User Guide Policy Manual, Section 3.1 and 3.2 COV § 2.2-5205 and § 2.2-5207	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Completed 3/30/2020
4. The Initial CANS is required to determine and/or support the child’s eligibility for CSA consistent with the statutory requirement in § 2.2-5212 . The Initial CANS must be completed prior to the initiation of CSA-funded services described on a service plan (e.g., Individual Family Service Plan, Individualized Education Program, or Foster Care Plan), with exception (14 days) for emergency services and placements as provided for in § 2.2-5209	SEC Policy Manual and CSA User Guide Policy Manual, Section 3.6	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Completed 7/31/2020