



# COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.  
Executive Director

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

April 17, 2017

Steven D. Parker, CPMT Chair  
Lancaster County Public Schools  
P.O. Box 2000  
Kilmarnock, VA 22482

RE: Lancaster County CSA Program Self-Assessment Validation, File No. 26-2014

Dear Mr. Parker,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Years 2013-2015, the Lancaster County 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. An on-site visit was scheduled and conducted by OCS Program Auditors on May 9, 2016 to perform the independent validation phase of the process.

Based on the review and examination of the self-assessment workbook and supporting documentation provided by the Lancaster County CSA program, our independent validation:

Concurs                       Partially Concurs                       Does Not Concur

with the conclusion reported by the Lancaster County CPMT that no 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 Lancaster County CSA program. The explanation for our assessment results are as follows:

***The Lancaster County Community Policy and Management Team concluded that there were no significant non-compliance and/or internal control weakness observations noted. However, validation procedures of the locally prepared CSA Self-Assessment Workbook identified major deficiencies<sup>1</sup> indicating non-compliance and internal control weaknesses in the local CSA program. Non-compliance with the statutory requirements of CSA is considered significant because the local program is not operating fully in accordance with the laws of the Commonwealth. An adequate system of internal controls is contingent***

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<sup>1</sup> 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.

*upon consistent and proper application of established policies and procedures affecting CSA funded activities, as well as monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure are considered significant. Specifics pertaining to the Lancaster County CSA Program are detailed on below.*

**SIGNIFICANT NON-COMPLIANCE OBSERVATIONS AND INTERNAL CONTROL WEAKESSES**

1. Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families.

- Non-public members serving on the CPMT did not complete the Statement of Economic Interest (SOEI) form as required by statute. During the period under review, the Code of Virginia requires annual disclosure of economic interest.
- The Vice Chair of the CPMT also serves on the FAPT as the DSS representative. Per review of both CPMT and FAPT minutes, the DSS representative participated in service planning activities. There is no evidence to demonstrate that he/she refrained from voting on the cases in which he/she was involved in recommending services.

The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are significantly reduced based on the increased possibility that required parties may not have appropriately disclosed personal interests, and the same individual engaged in both the referral and approval of CSA funded services.

**CRITERIA:** Code of Virginia (COV) Sections: § 2.2-3100; § 2.2-3101; § 2.2-3115; § 2.2-3117; § 2.2-5205; § 2.2-5206; § 2.2-5207; Department of Accounts (DOA) Agency Risk Management and Internal Control Standards (ARMICS), Control Activities

2. The CPMT has established ongoing key performance goals; however, measurable criteria for evaluating the achievements of stated goals and target dates were not documented. In addition, a formal process of documenting utilization management (UM) activity has not been implemented by Lancaster CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarize, in aggregate, program outcomes to demonstrate accomplishment of local program goals objectives and effectiveness of the services provided correlated with the funds expended.

The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of the organizational governance. The absence of a formal planning, coordination, and program evaluation to ensure that the goals and objectives of the program are met ultimately impacts the CPMT efforts to better serve the needs of the youth and families in the community to maximize the use of state and community resources.

**CRITERIA:** COV § 2.2-5206, Items 4, 6, and 13; DOA ARMICS, Control Environment and Control Activities

**SIGNIFICANT NON-COMPLIANCE OBSERVATIONS AND INTERNAL CONTROL WEAKESSES**

3. Written policies and procedures are not consistent with State statutes, established state CSA guidance, State Executive Council (SEC) policy and/or best practices which direct the CPMT to ensure that procedures are established to govern local CSA programs.

- The CPMT has not developed and incorporated policies for providing intensive care coordination (ICC) services for children who are at risk of entering or are placed in residential care through the CSA program in accordance with the criteria established by statute.
- The CPMT has not adopted a Utilization Management/ Utilization Review (UM/UR) Policy and/or procedures as established in the Appropriation Act.

Inconsistent policies and procedures with state requirements present a significant internal control weakness in governance and compliance with statutory requirements.

**CRITERIA:** COV § 2.2-5206, Items 13 and 17, CSA Manual 6.1 Intensive Care Coordination Adopted April 30, 2013, Appropriations Act Chapter 890, Item 274.B.3, DOA ARMICS, Control Environment

4. Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Three (3) case files were examined to confirm that required documentation was maintained in support of and to validate Family Assessment and Planning Team (FAPT) and/or multi-disciplinary team (MDT) referral and CPMT funding decisions. The results of the examination identified opportunities for improvements. All three (3) client case files reviewed missing documentation to demonstrate compliance with CSA requirements key to coordination and service planning by FAPT. Data missing from the case files reviewed are included in the table below:

Description	# of Cases	Error Rate
Individual Family Service Plan (IFSP)	3	100%
Consent to Exchange Information Forms	3	100%
Child and Adolescent Needs and Strengths assessments (CANS)	3	100%
Treatment Plans and Progress Notes	3	100%
Evidence of Utilization Review	3	100%
CPMT Authorization of Expenditures	3	100%
Missing Purchase Orders and Invoices	2	67%
Certificate of Need (CON)	1	33%
Parental Agreement	1	33%

**CRITERIA:** COV Section §2.2-5209; §2.2-5208 ; CSA Manual 3.5 Records Management; DOA ARMICS Control Activities

**SIGNIFICANT NON-COMPLIANCE OBSERVATIONS AND INTERNAL CONTROL WEAKESSES**

5. Expenditure reimbursements were requested and processed for payment of services where the requirement for compliance with State CSA policies and procedures were not met. Eligibility for funding for services through the state pool of funds, per Code of Virginia § 2.2 5212 requires use of a uniform assessment instrument and process and by policies of the Community Policy and Management Team (CPMT) to have access to these funds. In addition, access to state pool funds requires that services must be appropriate, documented on an individual family service plan (IFSP), and authorized by the CPMT.

Client	Error Type	Expenditures	Questioned Cost State Share
A	1, 2,3	\$82,239.85	\$46,128.33
B	1,2,3	\$42,251.25	\$23,698.73
C	1,2,3	\$29,820.74	\$16,726.45
<b>Total</b>			<b>\$86,549.51</b>
Error Description: 1- No IFSP; 2- No CANS; 3- No CPMT Authorization			

**Criteria:** COV § 2.2-5206, COV § 2.2-5208, COV § 2.2-5211, COV § 2.2-5212

**RECOMMENDATIONS**

1. The CPMT should ensure that the Statement of Economic Interests Form is completed immediately for all non-public participating members serving on the CPMT and FAPT. In addition, CPMT should ensure that the members for each team are not involved in the client service planning and the authorization of expenditures.
2. The CPMT should develop and implement a process that requires periodic reporting of aggregate data collected regarding the status of utilization review/utilization management activities. The CPMT should establish criteria to evaluate the achievement of stated goals and objectives adopted by the team.
3. The CPMT should develop an ICC policy that addresses the state requirements of the High Fidelity Wraparound (HFW) for vendors contracted to provide ICC services. The CPMT should develop a Utilization Management/Utilization Review policy to comply with state statutes.
4. The CPMT should ensure that all required documentation is maintained in client case files, such as but not limited to, IFSP, consent to exchange information forms, provider treatment plans and progress notes, certificate of need, parental agreement contracts, purchase orders and invoices. The CPMT and the FAPT should ensure that CANS assessments (initial, re-assessment and discharge) are completed in CANVaS and maintained in client records.

**RECOMMENDATIONS**

5. 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.
6. The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, to address whether the funds 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.

Based upon the significance of the non-compliance observations reported, a full on-site audit of Lancaster CSA program is scheduled for Fiscal Year 2017. The full on-site audit would expand the scope to not only assess compliance by local CSA program with CSA statutes and policies, but to also include an assessment of internal control activities (policies, procedures and practices) established by the CPMT and whether those established internal controls are working as intended, as well as follow-up on the implementation of the quality improvement plan submitted to the observation in this report. The Office of Children's Services respectfully requests that you submit a quality improvement plan to address the observations outlined in this report no later than 30 days from receipt of this report. In addition, we ask that you notify this office as quality improvement tasks identified are completed.

We would like to thank the Lancaster Community Policy and Management Team and related CSA staff for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the assistance and cooperation that was provided by Vashti Jones, CSA Coordinator during our on-site visit. Please feel free to contact us should you have any questions.

Sincerely,



Annette E. Larkin  
Program Auditor

cc: Scott Reiner, Executive Director  
Frank A. Pleva, County Administrator and  
CPMT Fiscal Agent  
Vashti Jones, CSA Coordinator  
Stephanie Bacote, Program Audit Manager  
SEC Finance and Audit Committee