

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

Lee County

***Audit Report No. 03-2018
September 17, 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 Lee County Children's Services Act (CSA) program. The Lee County CSA program provided services and/or funding for 90 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 Lee 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 1.3%.
- Percent of youth with a decrease in CANS school domain exceeds the statewide average by 4.7%
- Percent of foster care children in family based placements exceeds the statewide average by 12% and the state target by 8%. Improvement has been demonstrated over the last two fiscal years.

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:

- A CSA Parental Agreement for an out-of-home placement was executed in lieu of a Department of Social Services (DSS) Non-Custodial Foster Care Agreement as required when a local DSS has direct involvement with a youth/family.
- Three (3) out of Four (4) (75%) files reviewed where a Parental Co-payment Assessment was required were missing the assessment. OCS fiscal reports indicated that there were no parent copay collections by Lee County from fiscal years 2015-2017.
- The Lee County CPMT has not established and documented a policy governing Intensive Care Coordination (ICC).
- Seven (7) of ten (10) (70%) files reviewed did not document utilization review activities.

OCS appreciates the cooperation and assistance provided on behalf of the Lee County CPMT and other CSA staff. Formal responses from the Lee 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 Lee 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 September 14, 2018 and covered the period March 1, 2017 through February 28, 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

Lee County is the westernmost county in the Commonwealth of Virginia. It encompasses 437 square miles. It is bordered by Kentucky on the north, Tennessee on the south, and the Virginia counties of Wise and Scott on the East. 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 Lee County was 23,758 and the median household income was \$31,577.

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 part-time CSA Coordinator and a part-time assistant. Expenditure and demographic information for fiscal years 2015 to 2017 are depicted below:

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

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2015	62	8	15%	\$1,383,534	\$532,361	63%	\$22,315	42%
2016	86	24	39%	\$1,293,491	-\$90,043	-7%	\$15,041	-33%
2017	90	4	5%	\$1,284,828	-\$8,663	-1%	\$14,276	-5%

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

FY	Pool Expenditures
2015	\$1,383,534
2016	\$1,293,494
2017	\$1,284,828

FY	Census
2015	62
2016	86
2017	90

FY	Unit Cost
2015	\$22,315
2016	\$15,041
2017	\$14,276

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation #1:

Criteria

Compliance and Internal Control

A CSA Parental Agreement for an out-of-home placement was executed rather than the Non-Custodial Foster Care Agreement (NCFCA) required for placements initiated by the local Department of Social Services (LDSS) directly involved with the child and family. Section 3.7.5.2 of the Virginia Department of Social Services Foster Care Manual (CSA Parental Agreements) states “The public agency designated by the CPMT assumes case management responsibilities. The LDSS cannot be the case manager. If the LDSS is the case manager, the child shall be in foster care and a Non-Custodial Foster Care Agreement shall be used.”

While a CSA Parental Agreement grants access to the full array of foster care services, these youth are not in foster care placements. Thus, a CSA Parental Agreement was not appropriate because the provision of services funded was not in accordance with statutory and state policy requirements pursuant to foster care services.

Recommendation

The CPMT, FAPT and LDSS case manager must ensure that a Non-Custodial Foster Care Agreement is signed and filed, and all legal requirements are followed, when the LDSS is the case manager for an out-of-home placement and the parent(s) retain custody.

Client Comment

Lee County CSA agrees with the auditor’s observation and recommendation. This was an oversight by FAPT and CPMT. The improvement plan will identify procedures to ensure compliance with state CSA policy regarding out-of-home placement while parents retain custody. Lee County CSA will provide OCS Office/Donald Barcomb, CSA Auditor, with a Quality Improvement Plan by September 21, 2018.

Observation #2:

Criteria

Compliance and Internal Control

Per COV § 2.2-5208, the FAPT is required to “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”. Parental co-pay assessments were required in four (4) cases selected for review. In three (3) of the four (4) (75%) cases, there was no documentation evidencing the assessment was completed. One (1) of the four (4) (25%) files included an assessment indicating that a \$50 co-payment was appropriate per the adopted sliding fee scale. However, the amount was zero and there was no documented explanation or waiver by CPMT. In addition, a review of CSA expenditure reports also noted zero collection of parent contributions by Lee County from fiscal years 2015-2017.

Recommendation

The Lee County FAPT should perform a parental co-pay assessment for each case where the assessment is not prohibited for a service provided to a child or family. Documentation should be maintained to evidence assessments completed and any authorizations for waiver granted. Lastly, the CPMT should periodically review the “Refund Report” available on the CSA website to ensure copays assessed are properly collected and accurately reported.

Client Comment

Lee County CSA agrees with the auditor’s observation and recommendation. The improvement plan will identify procedures to ensure compliance with state CSA policy in regards to Local Co-Payment policy, placing the item on high priority to establish local procedure and eligibility. Lee County CSA will provide OCS Office/Donald Barcomb, CSA Auditor, with a Quality Improvement Plan by September 21, 2018.

B) PROGRAM ACTIVITIES

Observation #3

Criteria

Compliance and Internal Control

The Lee County CSA does not consistently document Utilization Review (UR) activities. Seven (7) out of ten (10) (70%) files reviewed did not evidence that UR was performed. Discussions with CSA personnel indicate that UR is being performed for each client during FAPT meetings, but not consistently documented. The Code of Virginia (COV) COV § 2.2-5208, item #5 (iv) creates a duty of the FAPT to “provide regular monitoring and utilization review of the services and residential placement for the child to determine whether the services and placement continue to provide the most appropriate and effective services for the child and his family.”

Recommendation

The Lee County CPMT should consider adopting the model IFSP and the IFSP UR addendum available on the OCS website. Utilization reviews should be completed per intervals established by local policy and documentation of reviews should be maintained in the individual client files.

Client Comment

Lee County CSA agrees with the auditor’s observation and recommendation. Lee County CSA does not have adequate and consistent means of documenting Utilization Review efforts and processes. Lee County CSA will provide OCS Office/Donald Barcomb, CSA Auditor, with a Quality Improvement Plan by September 21, 2018.

C) GOVERNANCE ACTIVITIES

Observation #4	Compliance and Internal Control
Criteria	Repeat Observation

The Lee County CPMT has not established and documented a policy governing the provisions of Intensive Care Coordination Services (ICC). COV [§ 2.2-5206](#), item #17 creates a duty of the CPMT to “Establish policies for providing intensive care coordination services for children who are at risk of entering, or are placed in, residential care through the Children's Services Act program, consistent with guidelines developed pursuant to subdivision D 22 of [§ 2.2-2648](#).” This observation was also reported in the prior audit of the Lee County CSA Program dated March 27, 2017.

Recommendation

The Lee County CPMT should immediately establish and document policy and procedures pertaining to the provisions of Intensive Care Coordination.

Client Comment

Lee County CSA agrees with the auditor’s observation and recommendation. Lee County CSA does not have a local ICC policy due to not having the availability of the service locally. However, Lee County CSA acknowledges the state mandated requirement for having a local ICC policy. The local ICC policy will be placed on high priority for development and implementation. Lee County CSA will provide OCS Office/Donald Barcomb, CSA Auditor, with a Quality Improvement Plan by September 21, 2018.

Observation #5:	Internal Control
Criteria	Internal Control

Expenditure transactions are processed by the Lee County DSS Office using the Thomas Brothers software application, which is widely used by LDSS agencies and CSA office across the state. However, Lee County DSS has not granted access privileges to the CSA Coordinator for either input or review of CSA funded transactions. This limitation has resulted in some inefficiencies in CSA fiscal monitoring and reporting practices as follows:

1. Purchase orders are manually created for individual cases, which may require multiple purchase orders dependent upon the number of varied services and providers authorized for funding. This process can be labor intensive and is not conducive to monitoring the status of fulfillment of purchase orders (i.e. encumber/unencumber).
2. Financial reports that include expenditures (by expenditure reporting category, service placement type, client name, and/or provider), refunds, and adjustments are available in the Thomas Brothers application. However, these financial reports are not accessible to the CSA Coordinator to facilitate timely review of completeness and accuracy of financial reporting for past and current periods. Expenditure reporting errors were observed in two (2) client cases where the expenditure category was recorded incorrectly (e.g. mentoring was recorded as

special education private day). This resulted in the county paying a higher than required match rate.

3. The Thomas Brothers application also generates historical and statistical reports that may be useful in CPMT's utilization management activities, particularly year-to-year comparisons. Presentations by the CSA Coordinator to the CPMT generally include such data, for which less effort is required where the information is readily accessible from reports available through the automated application.

Recommendation

To enhance efficiency and oversight of CSA functions, the CPMT should coordinate with the Lee County DSS regarding granting access privileges to the Thomas Brothers application for CSA staff or consider the feasibility of acquiring an automated solution specifically for CSA use.

Client Comment

Lee County CSA agrees with the auditor's observation and recommendation. Lee County DSS, CSA Administration, are fully aware of the need of CSA Staff access to Thomas Brothers software to ensure correct CSA mandate and payment information, to improve time efficiency, encumber and unencumber funds and utilize CSA information gained from Thomas Brothers to improve local CSA Utilization Management. Lee County CSA will provide OCS Office/Donald Barcomb, CSA Auditor, with a Quality Improvement Plan by September 21, 2018.

CONCLUSION

Our audit concluded that there were deficiencies in compliance with statutory requirements and with internal controls relating to efficiency of operations. Conditions were identified that affect compliance with statutory requirements pertaining to governance and oversight, fiscal activities and program activities. An exit conference was conducted on August 23, 2018 to present the audit results to the Lee County CPMT. Persons in attendance representing the Lee County CPMT were:

CPMT: Troy Funkhouser (CSU Alternate), Trevor Hensley (DSS Member), Glenda Collins (Private Provider Member), Dr. Brian Austin (CPMT Chairperson, Local School Representative), Robert Smith (Elected Official)

CSA Staff: Julie Johnson, Kelie Gambrel

Other attendees: Cindy Crabtree (DSS/CSA Clerical Support), Courtnie Lawson (DSS/CSA Fiscal Support Assistant), Sheilah Spivey (FAPT Chairperson)

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

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

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Dane Poe, Lee County Administrator

Dr. Brian Austin, CPMT Chair
Lee County Public Schools

Rita McCann, CPMT Fiscal Agent
Lee County Treasurer

Julie Johnson, CSA Program Manager

SEC Finance and Audit Committee