

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

Prince Edward County

Audit Report No. 16-2015

June 6, 2017



Office of Children's Services
Empowering communities to serve youth

TABLE OF CONTENTS

Executive Summary

Introduction 1

Background 2

Observations and Recommendations

Section 1 – Major Deficiencies

A) Program Activities 3 – 4

B) Fiscal Activities..... 4 – 5

C) CPMT Governance Activities..... 5 – 6
(Community Policy and Management Team)

Section 2 – Other Deficiencies

D) CPMT Governance Activities..... 7

Conclusion 8

Report Distribution 9

EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the Prince Edward County Children's Services Act (CSA) program. The Prince Edward County CSA Program provided services and/or funding for 64 youth and families during fiscal year 2015 and 50 youth through third 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 receiving community based services out of all youth receiving services is on average 3.6% higher than the established statewide target for fiscal years 2015 and 2016.
- Achieved 100% of foster care children in family-based placements, exceeding the statewide target by 15% for two consecutive years (2015-2016).
- Reduced the average length of stay for CSA funded services by 11% (33 days) from fiscal year 2015 to 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) Child and Adolescent Needs Strengths (CANS) assessments, (2) service plan data elements (goals, outcomes, target dates, etc.), and (3) evidence of utilization reviews.
- The Prince Edward CSA Program was reimbursed \$62,172 (state share) in Fiscal Years 2015 and 2016 where: (1) the CANS 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) Child in Need of Services (CHINS) eligibility was not properly established.
- The Prince Edward 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 Prince Edward County CPMT and other CSA staff. Formal responses from the Prince Edward County CPMT to the reported audit observations are included in the body of the full report.

Stephanie S. Bacote

Stephanie S. Bacote, CIGA
Program Audit Manager

INTRODUCTION

The Office Children's Services (OCS) has completed a financial/compliance audit of the Prince Edward 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 June 2, 2017 and covered the period May 1, 2015 through April 30, 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

Prince Edward County, located approximately seventy (70) miles from Richmond, VA, was established in 1754. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Prince Edward County has a population estimate of 23,593 as of July 1, 2016. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2011-2015 as \$41,697.

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 Prince Edward 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 Prince Edward
(2014-2016)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2014	41	7	21%	\$747,441	-\$5,348	-1%	\$18,230	-18%
2015	64	23	56%	\$890,686	\$143,245	19%	\$13,917	-24%
2016	55	-9	-14%	\$1,108,036	\$217,350	24%	\$20,146	45%

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

FY	Pool Expenditures
2014	\$747,441
2015	\$890,686
2016	\$1,108,036

FY	Census
2014	41
2015	64
2016	55

FY	Unit Cost
2014	\$18,230
2015	\$13,917
2016	\$20,146

**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. Ten (10) 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 ten (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
• Eligibility/appropriateness of services: service not documented in an Individual Family Services Plan (IFSP), Child in Need of Services (CHINS) eligibility determination, signed Parental Agreement	20% (2 of 10)
• Individual Family Service Plans (IFSP) missing and/or inconsistent data elements: measurable goals/objectives, outcomes, and, service dates.	30% (3 of 10)
• Missing and/or open Child and Adolescent Needs and Strength (CANS) Assessments (annual, reassessment, and/or discharge)	80% (8 of 10)
• Missing evidence of utilization reviews	50% (5 of 10)
• Missing vendor documents (placement agreement, treatment plans, progress reports)	30% (3 of 10)
• Parent co-pay assessments (3 eligible clients)	100% (3 of 3)

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 Coordinator 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

“CSA Coordinator will ensure minimum documentation requirements are met and correspondence is maintained in the client file. FAPT will not review any case in which minimal documents are not in file or not readily available. Periodic case reviews will be completed by the CPMT Chair to ensure compliance with CSA policy and statutory requirements.”

B) FISCAL ACTIVITIES

Observation #2:

Criteria Compliance and Internal Control

The Prince Edward CSA Program was reimbursed \$62,172 (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) CHINS eligibility/Parental Agreement was not documented. 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	\$4,993
002	Initial CANS	\$1,075
003	Initial CANS	\$3,576
004	CHINS Eligibility/Parental Agreement/IFSP	\$5,488
005	Initial CANS	\$23,846
006	Initial CANS	\$1,830
007	Initial CANS/IFSP	\$3,998
008	Initial CANS	\$17,366
Total (State Share)		\$62,172

**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

“CSA Coordinator has been directed not to present cases to the CPMT for funding without required minimum documentation. CPMT will submit a quality improvement plan and will meet to

determine whether the questioned costs will be voluntarily restored once we have received the final report.”

Observation #3:
Criteria **Compliance and Internal Control**

Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool funded services. Assessments of parental co-payments were not documented to evidence parental ability to share financial responsibility for costs associated with services provided to 100% (3 of 3) eligible youth whose case files were examined. In addition, CSA expenditure reports of refunds collected indicated that Prince Edward County CSA Program has not collected any parental contributions in fiscal years 2014 through 2016. Under these conditions, the opportunity lost for collection of additional funds is significant and could impact the local program’s ability to increase funding availability for services required to meet the needs of the community.

Recommendation

The CPMT should ensure that the FAPT and/or CSA Coordinator documents parental ability to pay supported by verification of stated income or certification stating indigent status. The amount assessed should be reported to the CPMT along with the request for approval for funding of FAPT referred services. Such documentation should be retained in the case file for the required records retention period. The status of the collection of parental contributions should be included in financial reports presented to the CPMT.

Client Comment

“CSA Coordinator will document parental ability to pay supported by verification of income. CSA Coordinator will report to the CPMT with the request for approval of funding. Documentation will be maintained in the case file. Status of collection of parental payments will be added as a monthly agenda item.”

C) CPMT GOVERNANCE ACTIVITIES

Observation #4:
Criteria **Compliance and Internal Control**

The Prince Edward 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.” Utilization management 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. The CPMT should consider adding utilization management reporting as a standard agenda item of the CPMT meeting.

Client Comment

“By October 1, 2017, the CPMT will establish performance matrix to monitor and analyze overall effectiveness of the local CSA program by use of OCS management reports and review of local data. The CSA Coordinator will ensure a review of monthly utilization management reports is included as an item on the monthly agenda of the CPMT.”

Observation #5:

Criteria	Compliance and Internal Control
----------	---------------------------------

Opportunities exist to ensure sufficient evidence is maintained in support of the program’s efforts to uphold disclosure requirements of CPMT and FAPT members, in accordance with the Children’s Services Act. At the time of our review, Statements of Economic Interest forms (SOEI) had not been completed by the parent representatives for CPMT and FAPT. The absence of adequate measures to ensure appropriate disclosures are provided increases the risks for potential financial and/or legal liability in the event that such violation may occur. In addition, the effectiveness of controls established to ensure accountability and appropriate use of CSA funds may be significantly reduced.

Recommendation

The CPMT via the CSA Coordinator should ensure that SOEI forms are immediately completed by the parent representatives of the CPMT and FAPT, and updated in accordance with the Virginia Conflict of Interest Act.

Client Comment

“The CPMT will ensure the Statement of Economic Interest forms are completed for all required members of the FAPT and CPMT prior to their appointment. Individuals will not be appointed to positions without completed forms on file in the CSA Coordinators office.”

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

D) CPMT Governance Activities

Observation #6:

Criteria

Internal Control

Long-range planning goals and objectives have been established. However, measurable performance metrics, target dates, and responsible parties for monitoring and reporting on progress towards achievement were not identified. The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of organizational governance. The absence of adequate performance criteria to ensure that the goals and objectives of the program are met and assess overall program effectiveness may affect the integrity of the CPMT’s governance activities, particularly maximizing the use of state and community resources and local efforts to better serve the needs of youth and families in the community.

Recommendation

The CPMT should ensure that established goals, objectives, and strategies relative to the plan include measurable performance metrics, target dates for achievement, and responsible parties. The CPMT should consider adding monitoring of the long-range plan as a monthly meeting agenda item.

Client Comment

“By October 1, 2017, the CPMT will ensure established goals, objectives and strategies relative to the plan include measurable performance metrics, target dates for achievement, and responsible parties. The CPMT will add monitoring of long-range plans a monthly meeting agenda item.”

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Prince Edward 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 May 17, 2017 to present the audit results to the Prince Edward County CPMT. Persons in attendance representing Prince Edward County CPMT were:

W.W. Bartlett, County Administrator/CPMT Chair/Fiscal Agent

Karen Townsend, Piedmont Health District Representative

Roma Morris, Director, Department of Social Services

Rodney Wilkerson, Private Provider Representative

Cheryl Stimpson, CSA Coordinator

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

We would like to thank the Prince Edward 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

W. W. Bartlett, Prince Edward County Administrator
and CPMT Chair/Fiscal Agent

Cheryl Stimpson, CSA Coordinator

SEC Finance and Audit Committee