

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

***Richmond County***

***Audit Report No. 16-2019***

***July 17, 2019***



**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 Richmond County Children's Services Act (CSA) Program. The Richmond County CSA Program provided services and/or funding for approximately 14 youth and families in Fiscal Year (FY) 2018. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2018, significant achievements for Richmond County and the CSA Program were:

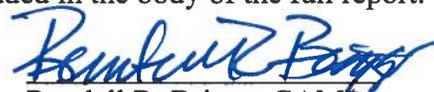
- the percentage of youth with a decrease in the Child and Adolescent Needs and Strengths Assessment (CANS) for behavioral/emotional needs domain exceeded the statewide average by 21.4% and the school domain by 21%;
- One hundred percent (100%) of the youth demonstrated improvement in the CANS strengths domain, which is 45.5% above the statewide average; and
- the percentage of youth receiving Community Based Services (CBS) out of all CSA Youth exceed the statewide average by 11.3%.

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

- Utilization Management (UM) activities documented by the Community Policy & Management Team (CPMT) for Richmond County did not incorporate data elements that are sufficient and meaningful in monitoring accountability and assessment of the CSA Program's effectiveness and processes toward the achievement of its goals and objectives.
- Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest and separation of duties pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families.
- 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. In one (1) client case file, CSA funds totaling \$280 (state and local share) were used to pay for paternity testing initiated by the local social service agency. Paternity testing is an administrative function of the local Department of Social Services. This resulted in total questioned cost of \$234.81

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the Richmond County CPMT and other CSA staff. Formal responses from the Richmond County CPMT to the reported audit observations are included in the body of the full report.

  
Stephanie S. Bacote, CIGA  
Program Audit Manager

  
Rendell R. Briggs, CAMS  
Program Auditor

## INTRODUCTION

The Office of Children's Services (OCS) has completed a financial/compliance audit of the Richmond 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 July 1, 2019 and covered the period March 1, 2018 through February 28, 2019.

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.
- Assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Richmond County CPMT. The CSA program audit self-assessment validation was completed January 24, 2017.

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

Established in 1692, Richmond County is located in the Northern Neck of the Commonwealth of Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Richmond County has a population estimate of 9,145 as of January 28, 2019. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2013-2017 as \$47,341.

The Children’s Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for eligible youth and their families. The 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 Richmond 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 a full-time CSA Coordinator. Expenditure and demographics for fiscal years 2015 to 2018 are depicted below:

### CSA Pool & Census Data by Fiscal Year for Richmond County (2015-2018)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2015	10	-1	-9%	\$222,038	\$-106,738	-32%	\$22,204	-26%
2016	9	-1	-10%	\$369,660	\$147,623	66%	\$41,073	85%
2017	11	2	22%	\$400,541	\$30,881	8%	\$36,413	-11%
2018	14	3	27%	\$506,343	-\$105,802	26%	\$36,167	-1%

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

FY	Pool Expenditures
2015	\$222,038
2016	\$369,660
2017	\$400,541
2018	\$506,343

FY	Census
2015	41
2016	35
2017	45
2018	48

FY	Unit Cost
2015	\$22,204
2016	\$41,073
2017	\$36,413
2018	\$36,167

## OBSERVATIONS AND RECOMMENDATIONS

### A) GOVERNANCE ACTIVITIES:

Observation #1	Criteria
	<b>Compliance and Internal Control – Repeat Observation</b>

Adequate measures have not been established and/or implemented by the Richmond County CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA Program. Opportunities for improvement were identified as follows:

1. The CPMT has established ongoing key strategic performance goals. However, evaluation of the achievement of the stated goals was not documented as discussed periodically by the CPMT. The CPMT minutes for the audit period did not indicate any discussions pertaining to the adopted strategic plan goals, objectives, and/or action steps.
2. Program oversight by the CPMT has not included a 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.
3. The CPMT has not instituted a formal process of tracking 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.

The ability and likelihood of the CPMT to adequately monitor and provide oversight for 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 impact the CPMT's efforts to better serve the needs of the youth and families in the community and to maximize the use of state and community resources.

The compliance observation referenced in this report was also identified in the prior audit report issued January 24, 2017. The Richmond County CPMT submitted a Quality Improvement Plan (QIP) with April 24, 2017 as the target date of completion. The CPMT, as the governing body, is responsible for on-going monitoring of the QIP to ensure timely implementation of the plan and the actions taken are continuously working as intended.

### Recommendation

The CPMT should develop and implement a process that requires periodic reporting of aggregate data collected regarding the status of UM/UR activities that includes local and statewide data

provided in OCS management reports located on the CSA website; specifically but not limited to:

- [CSA Continuous Quality Improvement \(CQI\) Dashboard](#)
- [OCS Reports to the General Assembly](#),
- (<http://www.csa.virginia.gov/OCSDData/ReportsPublications>)

Periodic reporting should be documented in the CPMT meeting minutes. Any supplemental materials should be retained with the official meeting minutes.

**Client Comment**

“CPMT concurs with recommendation.”

**Observation #2**  
**Criteria Compliance and Internal Control – Repeat Observation**

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. At the time of this review, the Statement of Economic Interest (SOEI) form was not completed timely by the CPMT private provider representative. The private provider assumed the role in October 2017. However, a SOEI form was not completed until April 2019. Based on the increased possibility that required parties may not have appropriately disclosed personal interests, the effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds could be reduced.

The compliance observation referenced in this report was also identified in the prior audit report issued January 24, 2017. The Richmond County CPMT submitted a Quality Improvement Plan (QIP) with April 24, 2017 as the target date of completion. The CPMT, as the governing body, is responsible for on-going monitoring of the QIP to ensure timely implementation of the plan and the actions taken are continuously working as intended.

**Recommendation**

The CPMT should ensure that the SOEI form is completed for all non-public participating members serving on the CPMT/FAPT, including alternates, immediately upon assuming the position. Completed forms should be filed with the clerk of the local governing body, per the guidance provided in OCS Administrative Memo #18-02 January 2018.

**Client Comment**

“CPMT concurs with recommendation.”

**B) FISCAL ACTIVITIES:**

<b>Observation #3</b>
<b>Criteria</b> <b>Compliance and Internal Control</b>

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State and CSA policies and procedures were not met. Pursuant to Code of Virginia (COV) § 2.2-5211 Item D, "... 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 funds." As observed in one (1) eligible client case file, CSA funds totaling \$280 (state and local share) were used to pay for paternity testing initiated by the local social service agency. Paternity testing is an administrative function of the local Department of Social Services. Virginia Department of Social Services (VDSS), Division of Child Support Enforcement (DCSE) has established paternity testing guidelines within section 6.1 of the DCSE Program Manual. This resulted in total questioned cost of \$234.81. Refer to table below:

<b>Client</b>	<b>Period</b>	<b>Total Expenditure</b>	<b>State Share</b>
A	Jul-18	\$280.00	\$234.81
<b>Total</b>			<b>\$234.81</b>

**Recommendation**

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding and is not the responsibility of another agency.
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 Policy 4.7, Response to Audit Findings, of whether the identified actions are acceptable or any additional actions that may be required.

**Client Comment**

"CPMT concurs with recommendation."

**C) DATA INTEGRITY AND SECURITY:**

Observation #4	
Criteria	Internal Control

Data integrity and information security practices and procedures pertaining to CSA client records have not been consistently applied to ensure the reliability and accuracy of service planning activities. The Code of Virginia, Children’s Services Act requires that consent to exchange information be obtained from the parent and/or legal guardian to share client information collected by partnering agencies and other providers with the local CSA representatives. The consent to exchange information for 4 out of 5 (80%) eligible cases files was either missing, expired or incomplete. Failure to document that consent was properly obtained increases the likelihood of non-compliance with CSA statutory requirements and potential liability due to the unauthorized exposure of protected information.

**Recommendation**

The FAPT and CSA Coordinator should ensure that all required documentation is maintained in client case files, including consent to exchange information forms.

**Client Comment**

“CPMT concurs with recommendation.”

## CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Richmond County CSA program. Conditions were identified that could impact the effectiveness and efficient use of resources as well as compliance with statutory requirements. An exit conference was conducted on July 1, 2019 to present the audit results to the Richmond County CPMT. Persons in attendance representing Richmond County CPMT were:

Mr. R. Morgan Quicke, Richmond County Administrator  
CPMT Chair and CPMT Fiscal Agent

Ms. Vanesa Livingstone, Director, Department of Social Services

Ms. Katie Chilton, Family Services Specialist, Department of Social Services

Representing the Office of Children's Services was: Rendell R. Briggs, Program Auditor. We would like to thank the Richmond 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  
R. Morgan Quicke, Richmond County Administrator  
CPMT Chair and CPMT Fiscal Agent  
Elizabeth Smith, CSA Coordinator