

CHILDREN'S SERVICES ACT

PROGRAM AUDIT

Rockbridge Area

Audit Report No. 11-2018

May 14, 2018



Office of Children's Services

Empowering communities to serve youth

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EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Rockbridge Area Children's Services Act (CSA) program. The Rockbridge Area CSA program provided services and/or funding to 157 (86 Rockbridge County, 54 City of Buena Vista and 17 City of Lexington) at-risk youth and families in fiscal year (FY) 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 Rockbridge, Lexington, and Buena Vista CSA program included:

- All three localities exceeded the statewide target (50%) for percentage of youth receiving community-based services out of all CSA youth.
- For all of the localities, the percentage of youth with a decrease in the Child and Adolescent Needs and Strengths (CANS) child behavior/emotional was above the statewide average of 48.7%.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were major deficiencies¹ in compliance and internal controls particularly in reference to operational, governance, and fiscal practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources and compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where CSA compliance were not met. Specific non-compliance items identified were in the area of: (1) administration of assessments tools such as CANS (initial and/or annual) or Virginia Enhanced Maintenance Assessment Tool (VEMAT), (2) services not documented on the Individual and Family Services Plan (IFSP), (3) emergency placement referrals to the Family Assessment and Planning Team (FAPT), (4) use of un-licensed/approved provider, (5) funding a service denied by Medicaid for lack of timeliness and an expense reporting error. The total questioned cost equaled \$141,647.58 (state share).
- Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Eighteen (18) case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and/or multi-disciplinary team (MDT) referral and CPMT funding decisions. Omissions from client case file documentation included IFSP data elements (child/family strengths, measurable goals and objectives, parental consent to service plan, discharge planning) and consent to exchange information.

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.

- Adequate measures have not been established and/or implemented by the Rockbridge Area CPMT to evaluate and ensure the accountability and effectiveness of the locally managed CSA program. Rockbridge Area CPMT has not implemented a formal process documenting utilization management (UM) activity.

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



Stephanie S. Bacote, CIGA
Program Audit Manager



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Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Rockbridge Area Children's Services Act 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 May 14, 2018 and covered the period February 1, 2017 through January 31, 2018.

The objectives of the audit were:

- 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 the local CSA program.
- To assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating the local CSA program's operational and utilization review practices.

The scope of the audit included youth and their families who received CSA funded services during the last five (5) months of FY17 and the first seven (7) months of FY18. Audit procedures included reviews of relevant laws, policies, procedures, and regulations; interviews with various CSA stakeholders; flowcharts of operational and fiscal processes; various tests and examination of records; and other audit procedures deemed necessary to meet the audit objectives.

BACKGROUND

Rockbridge County named after the Natural Bridge of Virginia was established in 1778 and is located in the Shenandoah Valley nestled between the Blue Ridge Mountains and the Allegheny Mountains. According to the US Census Bureau Quick Facts, Rockbridge's median household income from 2012-2016 was \$52,478.

The City of Lexington was incorporated in 1841 as a town and became an independent city in 1966. Lexington is named after Lexington, Massachusetts and its county seat is Rockbridge County. The median household income from 2012-2016 was \$34,464.

Founded in 1892, Buena Vista, which means good view in Spanish, is located in the Blue Ridge Mountains. The median household income from 2012-2016 was \$29,109.

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 a local interagency team, referred to as the Community Policy and Management Team (CPMT) that plans and oversees services to youth. The CPMT is supported by a Family Assessment and Planning Team (FAPT) and a multi-disciplinary team (MDT) responsible for recommending appropriate services to at-risk children and families, and a CSA Coordinator. Expenditure demographics for fiscal 2014 to 2017 are depicted below.

CSA Pool & Census Data by FY for the Rockbridge County (2014-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
14	77	7	10	\$ 2,055,511	\$ 341,004	20	\$ 26,695	9
15	74	-3	-4	\$ 2,164,849	\$ 109,338	5	\$ 29,255	10
16	82	8	11	\$ 2,562,521	\$ 397,672	18	\$ 31,250	7
17	86	4	5	\$ 2,629,031	\$ 66,510	3	\$ 30,570	-2

Note: Changes recorded for FY 14 are based on difference from fiscal year 2014 to 2013

CSA Pool & Census Data by FY for the City of Lexington (2014-2017)

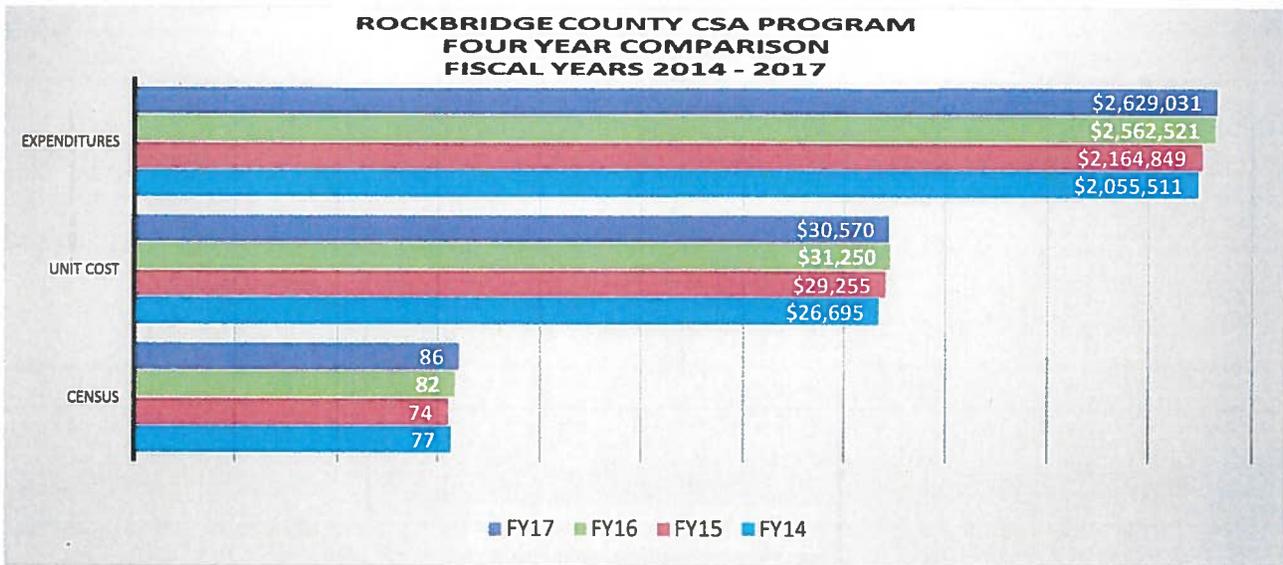
FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
14	15	3	25	\$ 425,722	\$ 124,420	41	\$ 28,381	13
15	14	-1	-7	\$ 294,125	\$ (131,597)	-31	\$ 21,009	-26
16	13	-1	-7	\$ 146,259	\$ (147,865)	-50	\$ 11,251	-46
17	17	4	31	\$ 351,999	\$ 205,740	141	\$ 20,706	84

Note: Changes recorded for FY 14 are based on difference from fiscal year 2014 to 2013

CSA Pool & Census Data by FY for the City of Buena Vista (2014-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
14	50	11	28	\$ 1,137,376	\$ 358,124	46	\$ 22,748	14
15	43	-7	-14	\$ 1,031,340	\$ (106,036)	-9	\$ 22,985	5
16	42	-1	-2	\$ 1,052,853	\$ 21,513	2	\$ 25,068	5
17	54	12	29	\$ 1,639,460	\$ 586,606	56	\$ 30,360	21

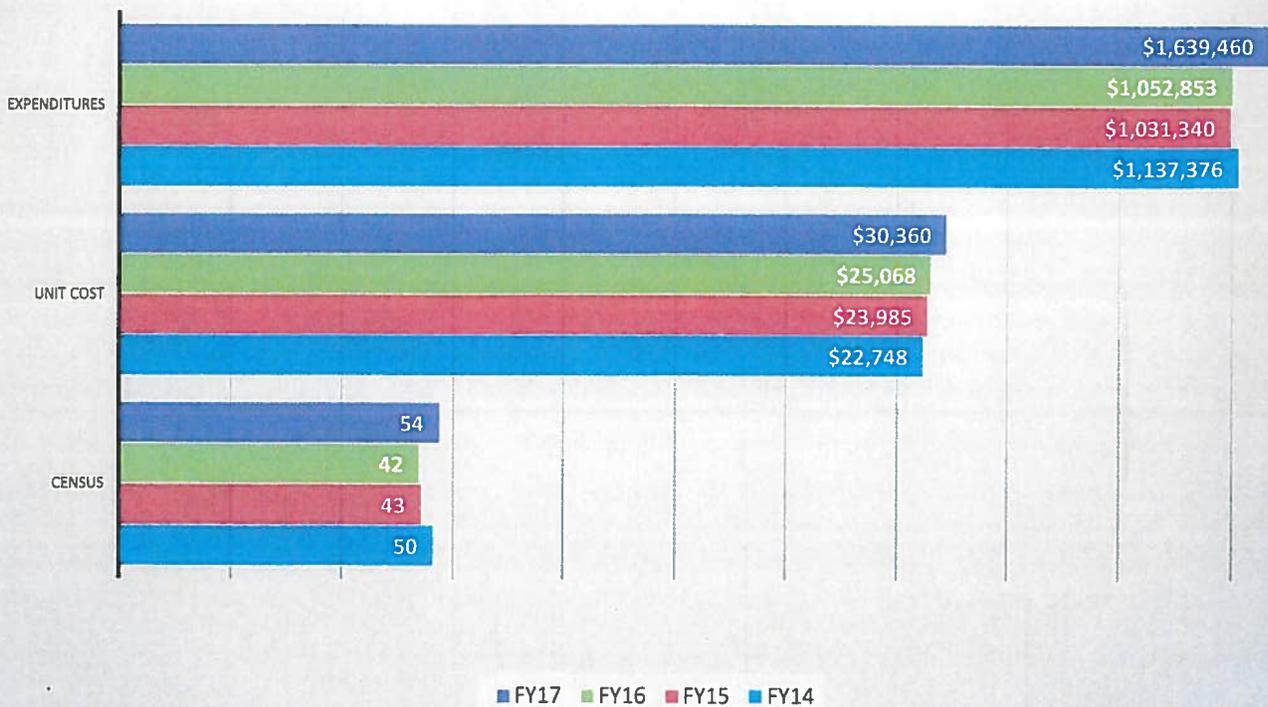
Note: Changes recorded for FY 14 are based on difference from fiscal year 2014 to 2013



**CITY OF LEXINGTON CSA PROGRAM
FOUR YEAR COMPARISON
FISCAL YEARS 2014 - 2017**



**CITY OF BUENA VISTA CSA PROGRAM
FOUR YEAR COMPARISON
FISCAL YEARS 2014 - 2017**



**MAJOR DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS**

A) FISCAL ACTIVITIES

Observation #1:

Criteria:

Compliance and Internal Control

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 as follows:

- Per Code of Virginia § 2.2-5212, access to the state pool of funds includes determination through the use of a uniform assessment instrument and process. The Child and Adolescent Needs and Strengths (CANS) Assessment is the approved uniform assessment instrument per CSA policy adopted in 2009. The CANS assessment is required initially, annually, and upon discharge from the CSA process. An initial or annual CANS had not been completed for five (5) client case files examined, resulting in \$49,409.12 (state share) in questioned costs. Refer to the table on page 6 for the breakdown amongst the localities.
- Residential services funded pursuant to Child in Need of Services (CHINS) policy and CSA Parental Agreement guidelines were not always properly documented as recommended in an IFSP that evidenced FAPT participation in the service planning process, as observed for two youth case files examined (siblings). Case records did include documentation of an emergency FAPT requested by the Case Manager, but there is no documentation of actions taken by FAPT in support of the residential placement and the intended duration of services to be provided. While CPMT authorized funding for the services, a formal agreement outlining duties and responsibilities of the parents and the CPMT and the duration of services was not completed. The total questioned cost for the residential placement and the associated educational cost equaled \$83,422.94 (state share).
- The Virginia Enhanced Maintenance Assessment Tool (VEMAT) was not completed within the 60-day window allowable per VDSS policies governing foster care enhanced maintenance. However, CSA funding of enhance maintenance payments continued beyond the allowable 60-day period for one of the client cases reviewed. VDSS policy also states that CSA funds shall not be accessed to pay enhanced maintenance when the VEMAT has not been used; the local department must use local only funds for payments. The totaled questioned cost equaled \$4,295.76 (state share).
- CSA pool funds were expended for services (treatment foster care – case management) eligible for Medicaid funding that was denied because the local agency did not provide the required paper-work needed for timely authorization. Per the 2011 Appropriation Act, "Community Policy and Management Teams shall use Medicaid-funded services whenever they are available for the appropriate treatment of children and youth receiving services under the Children's Services Act. Effective July 1, 2009, pool funds shall not be spent for any service

that can be funded through Medicaid for Medicaid-eligible children and youth except when Medicaid-funded services are unavailable or inappropriate for meeting the needs of a child.” The total questioned cost equal \$1,577.86 (state share).

- The Code of Virginia requires emergency placements to be assessed by FAPT or MDT within 14 days of the placement. In one instance, the FAPT assessment did not occur until 26 days after placement. Placement services were coordinated through a licensed child-placing agency, for which non-maintenance/administrative costs were funded by CSA. The prorated cost for June and July equals \$2,465.15 (state share).
- According to Virginia Administrative Code (VAC) 22VAC40-201-40 Foster Care Placement, “the local department shall ensure a child in foster care is placed in an approved home or licensed facility that complies with all applicable federal and state requirements for safety. One case was identified where access to Title IV-E funding for maintenance was denied because the foster home’s license had expired. The expenditures were instead funded by CSA. The total questioned cost equaled \$423.05 (state share).
- Childcare expenses were erroneously funded for one case reviewed. Per the CSA Coordinator, Promoting Safe and Stable Families grant monies should have been used. The total questioned cost equaled \$53.70 (state share).

Client	Error Type	Questioned Cost State Share		Total Questioned Cost
		Rockbridge County	City of Buena Vista	
A	1	\$244.93		
B	1	\$16,157.24		
C	1	\$16,608.65		
D	3,4,6,7		\$8,392.47	
E	1		\$12,734.63	
F	1		\$3,663.67	
G	2		\$41,748.46	
H	2		\$41,674.47	
I	5	\$423.05		
Total		\$33,433.88	\$108,213.71	\$141,647.58
Error Description 1- No initial or annual CANS; 2- services not on IFSP; 3- No VEMAT; 4- TFC-CM; 5- unlicensed foster home; 6-wrong funding source 7- 14 -day emergency placement requirement				

The State Executive Council (SEC) Denial of Funds policy adopted on June 23, 2011, states that CSA pool funds can be withheld if a locality fails to comply with, or is in violation of statutory requirements and policies, whether they are specific to the CSA or promulgated by participating agencies.

Recommendations:

- Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding and other appropriate funding sources. Adequate documentation, should be maintained as justification for CPMT funding decisions, such as, but not limited to, CANS (initial and annual) have been completed, services are listed on the IFSP and the

VEMATs have been completed, children are placed in a licensed home, cases come before FAPT within the 14 day emergency requirement and expenditures are CSA related cost.

- 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 of whether the identified actions are acceptable or any additional actions that may be required.

Client Comment:

“Following the previous audit, procedures were put into place with existing CSA staff to monitor CANS and IFSP completion. Staff turnover has impacted the implementation of these monitoring activities. CPMT has little oversight in regards to DSS procedures and practices as this agency has had great turnover in leadership and staff since the legal events of 2016. CPMT will endeavor to work with the current and future DSS leadership to coordinate monitoring activities for appropriately licensed placements, VEMAT completion and emergency placement timelines.”

B) PROGRAM ACTIVITIES

Observation #2:

Criteria: Compliance and Internal Control – Repeat Observation

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Eighteen (10%) out of 170 client case files were examined among the three localities to confirm that required documentation was maintained in support of and to validate FAPT and /or multi-disciplinary team (MDT) referral and CPMT funding decisions. Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to the coordination and service planning by FAPT. Documentation missing from case files reviewed and/or data elements omitted from the IFSP are documented in the table below.

Description	# of Cases	Error Rate
Missing Child and Adolescent Needs and Strengths assessments (CANS) initial, annual and/or discharge (Repeat)	6/18	33%
Missing Consent to exchange information forms	2/18	11%
Services not listed on the Individual Family Service Plan (IFSP)	2/18	11%
Missing data elements on IFSP (strengths, objectives, strategies, discharge planning, parent (biological or foster) participation in FAPT meetings. (Repeat)	3/18	17%

Insufficient data collection and poor document management in service planning may lead to increased operational and fiscal inefficiency and ineffectiveness of the local program. Further, this condition fosters an environment that makes the program more susceptible to potential loss of accessibility to State funding in support of local programs as a result of non-compliance with CSA statutes regarding service planning and access to pool funds.

The non-compliance observations referenced in this report were also identified in the CSA audit completed in April 2017 of the Rockbridge Area CSA program. A quality improvement plan was submitted to address this observation with a target date for completion of July 13, 2017. The CPMT, as the governing body, is responsible for on-going monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

Recommendations:

- The FAPT and/or the CSA Coordinator should ensure that minimum documentation requirements are met and maintained in client case files. Key documents include but are not limited to completed consent to exchange information forms and CANS (initial, annual and discharge) assessments. In addition, IFSPs should contain measurable goals and objectives, strategies, target dates and discharge planning.
- As required by CSA statute, the CPMT should ensure families (biological, foster, or any other natural supports) are involved in all aspects of service planning and implementation of services. To ensure greater participation of families, the CPMT may consider scheduling FAPT meetings at times family members are available and or provide childcare during service planning meetings. Family involvement should be documented in the clients service plan.
- Periodic case file reviews should be performed at least annually to establish quality control of client records and to ensure compliance with CSA statutory requirements.

Client Comment:

“Following the previous audit, procedures were put into place with existing CSA staff to monitor CANS, parental consent, and IFSP completion. Staff turnover has impacted the implementation of these monitoring activities and placed our program in jeopardy. FAPT strives to secure family participation at all times, however some families have a tendency to avoid these meetings. No presentation is made in FAPT without family present however FAPT will need to determine that a case will not be reviewed by the team without family participation; in person or by phone. CPMT will schedule semi-annual reviews of client records in an effort to establish ongoing quality control measures.”

C) CPMT GOVERNANCE

Observation #3:

Criteria: Compliance and Internal Control – Repeat Observation

Adequate measures have not been established and/or implemented by the Rockbridge Area CPMT to evaluate and ensure the accountability and effectiveness of the locally managed CSA program. A formal process documenting utilization management (UM) activity has not been implemented by Rockbridge Area CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarize aggregate program outcomes to demonstrate

accomplishment of local program goals and objectives and the effectiveness of the services provided correlated with the funds expended. Monthly CPMT meeting minutes did not evidence a review of aggregated local and statewide data provided in the management reports on children placed out of state, demographics, types of services provided, duration of services, and child and family outcomes.

The audit report issued by OCS dated April 3, 2017 included this observation. A quality improvement plan was submitted at the conclusion of the initial audit with a target date of completion of July 13, 2017. To date, little to no action has been taken to complete the tasks identified in the quality improvement plan. The CPMT, as the governing body, is responsible for on-going monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

Recommendations:

- The CPMT should document a utilization management plan that establishes performance metrics to monitor and analyze the overall effectiveness of the local CSA program, to include but not limited to, utilization of OCS' management reports available on the CSA website:
 - **CSA Performance Measures for FY 2015 and FY 2016** (web link)
 - **Performance Dashboard** (web link)
 - **Data Set Reports** (web link)
 - OCS Reports to the General Assembly (web link: <http://www.csa.virginia.gov/OCSDData/ReportsPublications>)
- The CPMT should track and report on their progress in meeting their strategic goals and objectives to all stakeholders at least annually to bring about further awareness of the CSA program and to evidence a formal program evaluation activity. The CPMT should consider incorporating utilization management as a standing agenda item and documenting the results of utilization management activities in the meeting minutes.

Client Comment:

“CPMT will review our demographic information to include current services being provided and funded through CSA in order to revise our current strategic plan to reflect measurable SMART goals. From this Strategic Plan, CPMT will establish a utilization management plan to monitor, at least quarterly, the overall effectiveness of our program.”

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Rockbridge Area CSA program, particularly in reference to operational, governance, and fiscal practices. Conditions were identified that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on Tuesday, April 24, 2018, to present the audit results to the Rockbridge Area CPMT. Persons in attendance representing the Rockbridge Area CPMT were as follows: Juli Gibson, CPMT Chair, Twila Brown, Rockbridge County Public Schools, Diane Kopcial, Health Department, Jay Scudder, Buena Vista City Manager, John Young, Community Service Board, Phillip Thompson Rockbridge County Public Schools, Kay Wrenn, Acting Director of Social Services, Ashland Cash, CSA Staff, Christa Loudermilk, CSA Coordinator. Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Rockbridge Area CPMT and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

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