

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

City of Salem

***Audit Report No. 08-2019
June 26, 2019***



Office of Children's Services
Empowering communities to serve youth

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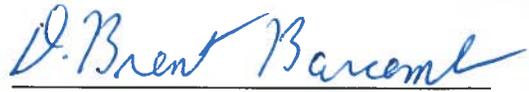
EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the City of Salem Children's Services Act (CSA) Programs. The City of Salem CSA Program provided services and/or funding for 75 youth and families during Fiscal Year 2018. The audit included review and evaluation of management oversight, operational and fiscal practices. Based on the review and examination of the City of Salem CSA Program and supporting documentation provided, internal controls governing management oversight, operational and fiscal practices were determined to be adequate and functioning as intended. No significant reportable non-compliance issues were observed. Based upon established statewide CSA Performance Measures – FY2018, significant achievements for the City of Salem CSA program include:

1. Percent of youth receiving Intensive Care Coordination (ICC) against those in residential exceeded the statewide average by 38.8% and the established performance target by 5%.
2. Percent of youth receiving community-based services out of all CSA youth exceeded the statewide target by 2%, an increase of 5.2% from the previous fiscal year.
3. Percent of foster children in family-based placements increased 3.9% from fiscal year 2017 to 2018 and exceeded the statewide average by 1.6%

OCS appreciates the cooperation and assistance provided on behalf of the City of Salem CPMT and other CSA staff. We would also like to acknowledge the excellent assistance provided during our on-site visit by Grace McCown, CSA Coordinator, and Shelli Brown, CSA Program Support Specialist. Their efforts enabled the audit staff to quickly resolve any questions or concerns observed throughout the audit process. Formal responses from the City of Salem CPMT 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 City of Salem 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 26, 2019 and covered the period December 1, 2017 through November 30, 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.
- Assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation conducted by the City of Salem CPMT. The CSA program audit self-assessment validation was completed December 26, 2016.

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

The City of Salem, officially founded in 1802, is situated in the Roanoke Valley of Virginia. It is the county seat of Roanoke County, although the two are separate jurisdictions. According to the U.S. Census Bureau's Quick Facts, the estimated population of the City of Salem as of July 1, 2017 was 25,862 and the median household income was \$53,990.

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 full time CSA Coordinator, a Program Support Specialist and a Utilization Management Specialist. Expenditure and demographic information for fiscal years 2016 to 2018 are depicted below:

CSA Pool & Census Data by Fiscal Year for City of Salem (2016-2018)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2016	64	5	8%	\$1,505,811	-\$43,824	-3%	\$23,528	-10%
2017	77	13	20%	\$1,697,853	\$192,042	13%	\$22,050	-6%
2018	75	-2	-3%	\$1,702,862	\$5,009	0%	\$22,705	3%

Note: Changes recorded for FY 2016 are based on differences from fiscal year 2015 to 2016.

FY	Pool Expenditures
2016	\$1,505,811
2017	\$1,697,853
2018	\$1,702,862

FY	Census
2016	64
2017	77
2018	75

FY	Unit Cost
2016	\$23,528
2017	\$22,050
2018	\$22,705

OBSERVATIONS AND RECOMMENDATIONS

None reported.

CLIENT COMMENT

The City of Salem CPMT, Finance Department, and CSA Office express appreciation for Mr. Barcomb's approach to the City of Salem CSA Audit. Mr. Barcomb was flexible, friendly, helpful, and took the time to answer questions.

CONCLUSION

Our audit concluded that internal controls governing management oversight, operational and fiscal practices were adequate and functioning as intended. No significant reportable non-compliance issues were observed. An exit conference was conducted on June 25, 2019 to present the audit results to the City of Salem CPMT. Persons in attendance representing the City of Salem CPMT were:

CPMT: Rosie Jordan, City of Salem Director of Finance – CPMT Chair; Ben Tripp, Appointed Official; Joyce Earl, Department of Social Services; Derek Weeks, City of Salem Police Department; Amanda Hall, City of Salem Public Schools; Michelle Wright, Private Provider Representative and Josh Yerton, Parent Representative.

CSA Staff: Grace McCown, CSA Coordinator

City of Salem Staff: Patricia Bidanset, City of Salem Finance Department

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

We would like to thank the City of Salem CPMT and the City of Salem CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

James E. Taliaferro, Salem Interim City Manager
and CPMT Fiscal Agent

Rosie Jordan, CPMT Chair

Grace McCown, CSA Coordinator