

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

Wythe County

Audit Report No. 12-2015

May 9, 2017



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 Wythe County Children's Services Act (CSA) program. The Wythe County CSA program provided services and/or funding for 115 at-risk youth and families in fiscal year 2016 (FY16). The audit included review and evaluation of management oversight, operational and fiscal practices. The Wythe County Community and Policy Management Team (CPMT) demonstrated that efforts were made to ensure that services were provided to eligible youth and families.

- In FY 16, approximately 56% of the youth and families received community based services. This is approximately 6% above the state target and locally established target.
- In FY 16, approximately 90% of foster care children in Wythe County were in a family based placement.

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 and governance practices and fiscal activities. Conditions were identified that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State CSA policies and procedures were not met. The non-compliance areas were as follows: initial and/or annual child and adolescent needs and strength assessments (CANS) were not completed, costs were the responsibility of another agency, referrals for independent living stipends was not assessed by the family assessment and planning team (FAPT), and services were not included on the individual family service plan (IFSP). These non-compliance observations resulted in questioned cost of \$9,215.050 of which \$6,832.69 represents the state share.
- Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Ten 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 files included child/family strengths, measurable goals and objectives, CANS and consent to exchange information.
- Adequate measures have not been established and/or implemented by the Wythe CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA program. Formal process documenting utilization management (UM) activity has not been implemented by the CPMT.

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


Annette E. Larkin, MBA
Program Auditor

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.

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Wythe County Children's Services Act program. The audit was conducted in accordance with generally accepted government 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 9, 2017 and covered the period June 1, 2015 through May 31, 2016.

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 month of FY15 and the first eleven months of FY16. Audit procedures performed included reviews of relevant laws, policies, procedure, 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

Wythe County was established in 1790 from Montgomery County, in Southwest Virginia. According to the US Census Bureau, State and County Quick Facts report, the estimated population in 2016 was 29,016 and the median household income from 2011-2015 was \$41,360. Wythe County area land mass totals 465 square miles and borders the counties of Bland (to the north), Smyth (to the west), Grayson and Carroll (to the south) and Pulaski (to the east).

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, combine with locals community funds, are managed by local interagency team, referred to as the Community Policy and Management Team (CPMT) which plans and oversees services to youth. The CPMT is supported administratively by a CSA Coordinator and a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to at risk children and families. Expenditure demographics fiscal 2013 to 2016 are depicted below.

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2013	133	6	5	\$2,038,400	\$ 496,172	-20	\$ 15,326	-23
2014	106	-27	-20	\$1,828,033	\$ (210,367)	-10	\$ 17,246	13
2015	95	-11	-10	\$1,803,559	\$ (24,474)	-1	\$ 18,985	10
2016	115	20	21	\$1,943,319	\$ 139,760	8	\$ 16,898	-11

Note: Changes recorded for FY 13 are based on difference from fiscal year 2012 to 2013

FY	Pool Expenditures
2013	\$2,038,400
2014	\$1,828,033
2015	\$1,803,559
2016	\$1,943,319

FY	Census
2013	133
2014	106
2015	95
2016	115

FY	Unit Cost
2013	\$15,326
2014	\$17,246
2015	\$18,985
2016	\$16,898

**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 requirement for compliance with State CSA policies and procedures were not met.

- In order to be eligible for funding for services through the state pool of funds, a youth, or family with a child, per the Code of Virginia § 2.2-5212 requires eligibility determination to include the use of a uniform assessment instrument and process by policies of the Community Policy and Management Team (CPMT) to have access to these funds. The Child and Adolescent Needs and Strengths (CANS) Assessment is the approved uniform assessment instrument per CSA policy adopted in 2009. In two (2) of the ten (10) cases tested, an initial or annual CANS Assessment had not been completed. The associated questioned cost is shown in the table below.
- Pursuant to the COV § 2.2-5211 State pool of funds for community policy and management teams section D states, that "... 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." In one (1) case the Wythe County Social Services subpoenaed a counselor to court to provide expert testimony. Funding for such testimony is the responsibility of social services and therefore is not eligible for reimbursement through CSA pool funds. The associated questioned cost is shown in the table below.
- Except for cases involving only the payment of foster care maintenance, at the discretion of the local community policy and management team, cases for which service plans are developed outside of this family assessment and planning team (FAPT) process or approved collaborative, multidisciplinary team (MDT) process shall not be eligible for state pool funds.
 - In one (1) case, the referral for independent living (IL) stipend was not assessed by FAPT or an approved MDT. Wythe County CPMT exercised the exemption for maintenance only cases not to come before FAPT in error. The CPMT viewed IL stipends as maintenance payments. Upon notification that local interpretation was incorrect, the CPMT took immediate corrective action and IL stipend cases are presented before FAPT. The associated questioned cost is shown in the table below.
 - Wythe CPMT had a policy that allowed FAPT exemption for payments for incidental support services, such as Christmas gifts for foster children. Christmas gifts are not included in the federal definition of maintenance; therefore, the purchase of Christmas gifts should have been documented on Individual Family Service Plan (IFSP). Three (3) out of the ten (10) cases examined included expenditures for Christmas gifts that were documented in the IFSP. It is to be acknowledged that upon notification the CPMT took immediate corrective action and changed their policy. The associated questioned cost is shown in the table below.

Client	Error Type	Expenditures	Questioned Cost State Share
A	1 and 4	\$207.65	\$179.53
B	2,3 and 4	\$8,379.92	\$6,110.64
C	4	\$212.58	\$183.80
D	4 and 5	\$414.90	\$358.72
Total			\$6,832.69
Error Description 1-No Initial CANS, 2- No Annual CANS, 3- Case not heard by FAPT , 4,- Service not on IFSP. 5- Responsibility of another agency			

Recommendations:

- The CPMT should ensure that all requirements for compliance with State CSA policies and procedures are met prior to accessing CSA pool funds.
- The CPMT and FAPT should ensure CANS assessments (initial, re-assessment and discharge) are completed in CANVaS and maintained in the client record.
- The CPMT should ensure that all expenditures sought for Pool Fund reimbursement are not the responsibility of another agency.
- The Wythe County CPMT should submit a quality improvement plan, for review by the OCS Finance Office, to address whether the funds 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:

Please see attachment 1 for management's response.

B) PROGRAM ACTIVITIES

Observation #2:

Criteria:

Compliance and Internal Control

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Ten (10) case files, representing 10% of the local client records for the third quarter of FY 16, 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. The results of the examination noted that client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to the coordination and service planning by FAPT. Data omitted from case files reviewed are depicted in the table below.

Description	# of Cases	Error Rate
Services not identified on Individual Family Service Plan (IFSP) or case not heard before FAPT	4/10	40%
Child and Adolescent Needs and Strengths (CANS) Assessment (initial, annual, discharge)	3/10	30%
Consent to Exchange Information	2/10	20%
Measurable goals and objectives with established targets documented on the IFSP	2/10	20%

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.

Recommendations:

- The CPMT and FAPT should perform periodic case reviews to establish quality controls for client records and compliance with CSA policy in order to ensure that all required documentation is maintained to attest to the service planning activities and funds expended.
- The CPMT should ensure all CSA funded cases for services are and assessed by the FAPT or an approved collaborative MDT. In addition, the CPMT should ensure that all services are documented on an IFSP.
- The CPMT and the FAPT should ensure CANS assessments (initial, re-assessment and discharge) in accordance with CSA Policy and Wythe County Utilization Review Policy are completed in CANVaS, and maintained in the client record.
- The CPMT and the FAPT should adhere to state and local policy in obtaining parental consent to exchange information.
- The CPMT and the FAPT should ensure that IFSPs contain measurable goals and objectives with stated target dates for completion.

Client Comment:

Please see attachment 1 for management's response.

C) CPMT GOVERNANCE

Observation #3:

Criteria:

Compliance and Internal Control

A formal process documenting utilization management (UM) activity has not been implemented by Wythe County CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarizes, in aggregate, program outcomes to demonstrate accomplishment of local program goals and objectives and effectiveness of the services provided correlated with the funds expended. The CPMT

completed a strategic plan approximately three months prior to the onsite audit; however documentation demonstrating tracking of the stated goals and objectives was not evident in the review of CPMT board minutes nor provided subsequent to the onsite audit. In addition, the CPMT has not reviewed 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, child and family outcomes, and performance measures. The CPMT had not tracked 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 of the Wythe County CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of organizational governance. The absence of formal program evaluation activities to ensure that the goals and objectives of the program are met ultimately impacts the CPMT efforts to better serve the needs of youth and families in the community and to maximize the use of state and community resources.

Recommendations:

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. In addition, the CPMT should review local and statewide data provided in OCS management reports

Client Comment:

Please see attachment 1 for management's response.

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Wythe County CSA program, particularly in reference to operational and governance practices and fiscal activities. Conditions were identified pertaining to the programmatic/statutory compliance, operating, and fiscal practices of the locally administered program that could adversely impact the effective and efficient use of resources, as well as non-compliance with statutory requirements. An exit conference was conducted on Tuesday, April 20, 2017 to present the audit results to the Wythe County CPMT. Persons in attendance representing the Wythe County CPMT were as follows: Lewis Lafon, CPMT Chair and Teena Bishop, CSA Coordinator. Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Wythe County Community Policy and Management Team and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Stephen D. Bear, County Administrator
Wythe County

Lewis Lafon, CPMT Chair and Fiscal Agent

Teena Bishop, CSA Coordinator

SEC Finance and Audit Committee

WYTHE COUNTY FAMILY ASSESSMENT & PLANNING TEAM



Lewis L. Lafon, CPMT Chair
Robert Hiatt, CPMT Vice-Chair

May 8, 2017

Ms. Annette Larkin
Program Auditor
Office of Children's Services
1604 Santa Rosa Road
Richmond, VA 23229

Dear Ms. Larkin:

CPMT has reviewed the CSA audit conducted in Wythe County in June 2016 and is in agreement with the conclusions of the audit. This locality appreciated the guidance and oversight from the audit and has implemented new local policies and procedures that reflect outcomes of the report. The only issue with the report from CPMT comes from the finding that independent living stipends are considered non-exempt from FAPT. The confusion came with conflicting information from the Department of Social Services that an IL stipend is maintenance. Due to this, we respectfully request that this cost not be a mandatory pay-back for this locality. All IL stipends are now staffed at FAPT and approved by CPMT.

Again, we appreciate the thoroughness of the audit and your patience with the multitude of questions that we had during the audit. Your kindness is much appreciated.

Sincerely,


Lewis L. Lafon, MPA
CPMT Chair