

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

***Wythe County***

***Audit Report No. 16-2020  
June 29, 2020***



**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 Wythe County Children's Services Act (CSA) program. The Wythe County CSA program provided services and/or funding for 79 youth and families during fiscal year (FY) 2019. The audit included review and evaluation of management oversight, operational and fiscal practices. Based upon established statewide CSA Performance Measures – FY 2019, significant achievements by the Wythe County CSA program include:

1. Percent of youth indicating improvement in the Child and Adolescent Needs and Strengths (CANS) school domain increased 3.8% over FY 18, and exceeded the statewide average by 7.6%.
2. Percent of youth indicating improvement in the CANS child behavior/emotional needs domain was 19.2% higher than FY18, and exceeded the statewide average by 24.2%.
3. Percent of youth indicating improvement in the CANS strengths domain rose 19.2% from FY 18-19 and was 13.9% higher than the statewide average.
4. Percent of foster care children in family based placements exceeded the statewide average by 6.9 % and exceeded the established performance target by 3%.
5. Percent of children who exit from foster care to a permanent living arrangement met the established performance target and exceeded the statewide average by 8.7 %.
6. Increased utilization of Intensive Care Coordination services to prevent or shorten residential placements from 0% in FY 18 to 50% in FY 19.
7. Percent of youth receiving community-based services out of all CSA youth rose 3.5% over FY 18 and was 2.8% higher than the statewide average.

However, there are additional opportunities to effect quality improvements in other areas of the CSA program. Our audit concluded that there were deficiencies in internal controls that affected compliance with statutory requirements. The following significant issues were identified:

1. Expenditure reimbursements were requested and processed for payment of services where CSA compliance was not met. Contrary to Code of Virginia (COV) § 2.2-5209, § 2.2-5211 and the local policy manual, CSA funds were expended for:
  - A. an emergency placement where the Family Assessment and Planning Team (FAPT) did not assess the youth within 14 days of placement. The questioned cost totaled \$2,412.96, of which the state share was \$1,759.53.
  - B. services eligible for another funding source (Title IV-E). The identified questioned cost totaled \$3,584.00. However, upon notification by the auditor, those funds were credited to the CSA account on February 13, 2020.



2. Formal performance measures and utilization management practices and procedures to assess overall program effectiveness have not been established in accordance with § COV 2.2-5206, items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence utilization management (UM) activities. This observation was also reported in the prior audits of the Wythe County CSA Program dated May 9, 2017 and August 27, 2018.
3. The Wythe County Family Assessment & Planning Team Policy & Procedure Manual (Manual) does not include a policy for intensive care coordination (ICC) as required by COV § 2.2-5206, item # 17.

OCS appreciates the cooperation and assistance provided on behalf of the Wythe County CPMT and CSA staff. Formal responses from the Wythe County CPMT to the reported audit observations are included in the body of the full report.



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Stephanie S. Bacote, CIGA  
Program Audit Manager



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D. Brent Barcomb  
Program Auditor



## INTRODUCTION

The Office of Children's Services (OCS) has completed a financial/compliance audit of the Wythe 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 26, 2020 and covered the period December 1, 2018 through November 30, 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 identified in final report dated May 9, 2017 and August 27, 2018.

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

Located in southwest Virginia, Wythe County was formed from Montgomery County in 1790. It is bordered by the Virginia counties of Bland, Pulaski, Carroll, Grayson and Smyth and encompasses 465 square miles. According to the U.S. Census Bureau’s Quick Facts, the July 1, 2018 population of Wythe County was 28,754 and the median household income was \$48,043.

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 a local interagency team, 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. Expenditure and demographic information for fiscal years 2017 to 2019 are depicted below:

### CSA Pool & Census Data by Fiscal Year for Wythe County (2017-2019)

Source: CSA Continuous Quality Improvement (CQI) Dashboard

## At-A-Glance

<u><b>FY 2017</b></u>	<u><b>FY 2018</b></u>	<u><b>FY 2019</b></u>
<b>98</b>	<b>105</b>	<b>79</b>
Distinct Child Count	Distinct Child Count	Distinct Child Count
<b>2.0M</b>	<b>2.2M</b>	<b>2.1M</b>
Gross Expenditures	Gross Expenditures	Gross Expenditures
<b>2.0M</b>	<b>2.2M</b>	<b>2.1M</b>
Net Expenditures	Net Expenditures	Net Expenditures
<b>\$20,232</b>	<b>\$20,651</b>	<b>\$26,481</b>
Average Expenditure	Average Expenditure	Average Expenditure
<b>0.2708</b>	<b>0.2708</b>	<b>0.2708</b>
Base Match Rate	Base Match Rates	Base Match Rates
<b>0.2656</b>	<b>0.2640</b>	<b>0.2647</b>
Effective Match Rate	Effective Match Rate	Effective Match Rate



## OBSERVATIONS AND RECOMMENDATIONS

### A) FISCAL ACTIVITIES

**Observation #1:**

**Criteria** Compliance and Internal Control

The Wythe County CSA program was reimbursed during the audit period for CSA funded services that did not meet criteria established by the COV statutes relevant to the Children's Services Act and the CSA Policy Manual. Exceptions were noted as follows:

1. Expenses were paid for an emergency placement that was not referred to and assessed by the FAPT within fourteen (14) days as required by the COV § 2.2-5209. The FAPT referral and assessment occurred 16 days after the initial placement, resulting in total questioned costs of \$2,412.96 and over-reimbursement of \$1,759.53 (state share).
2. Title IV-E eligible expenses (Basic and Enhanced Maintenance) totaling \$3,584 were paid using CSA pool funds (COV § 2.2-5211). Once advised of the exception, the Wythe County CSA Office took immediate action to recover the funds from Title IV-E. CSA funds were restored on February 13, 2020.
3. Expenditures incurred for CSA funded services were not always recorded in the correct expenditure category for financial reporting. The exception was noted in two (2) of ten (10) cases (20%) examined. The same match rate applied to both the correct and incorrect expenditure categories, resulting in zero fiscal impact.

Improper Expenditures							
Exception No.	Client	Exception Description	Total Questioned Cost	Local Adjustment	State Share of Questioned Cost		
1	10	Did not authorize Emergency Placement for the period February 8, 2019 to February 24, 2019.	\$ 2,412.96	\$0	\$ 1,759.53		
2	10	Basic and Enhanced Maintenance eligible for Title IV-E for the period March 1, 2019 to April 30, 2019.	\$ 3,584.00	(\$3,584.00)	\$ 0.00		
Financial Reporting Error							
3	Incorrect Expense Category	Match Rate	Correct Expense Category	Match Rate	Variance		
					Total Expense	Differential	Questioned Cost
Client # 6	FFC	0.2708	TFC	0.2708	\$ 25,880.12	\$0.00	\$0.00
Client # 7	FFC	0.2708	TFC	0.2708	\$ 25,628.63	\$0.00	\$0.00
1) TFC – Treatment Foster Care – Non Title IV-E ; 2) FFC – Family Foster Care: Independent Living							



## **Recommendation**

1. The CPMT should ensure that the FAPT assess all youth within 14 days of admission of an approved emergency placement.
2. Prior to authorizing funding, the CPMT should ensure all other funding sources have been considered before committing the use of CSA funds. Adequate documentation should be maintained as justification for CPMT decisions.
3. The CSA Coordinator and CPMT should ensure proper expenditure reporting categories are used when recording expenditures and conduct monthly reviews of completed financial reports to verify financial data is accurately presented.
4. The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observation 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 approved Policy 4.7 Response to Audit Findings of whether the identified actions are acceptable or any additional actions may be required.

## **Client Comment**

1. Wythe County FAPT has met on the first and third Wednesdays for at least twenty years with little deviation. FAPT was scheduled to meet on Wednesday, February 6, 2019 and Wednesday, February 20, 2019 during last calendar year.

Wythe County DSS removed four children the night of Friday, February 8, 2019. As FAPT had met earlier that week on February 6, 2019, the next scheduled FAPT date of February 20, 2019 would have been within the two week timeframe in which to have the case staffed for approval of the funding for mandated foster care services. The cases were referred to the CSA Coordinator on Monday, February 11, 2019 (see attachment). Wythe County is located in a mountainous area of Virginia. Weather conditions in southwest Virginia are often unpredictable and can become treacherous quickly during inclement weather. On February 19, 2019, the agency's previous CSA Coordinator, Ms. Teena Bishop, felt it necessary to reschedule FAPT due to predicated poor weather conditions for February 20, 2019. Ms. Bishop contacted FAPT members for a reschedule date, noting foster care matters needed to be addressed (see attachments). The CSA Coordinator, FAPT Facilitator, and FAPT members have always been conscientious about the window in which to staff cases per policy. Ms. Bishop was unable to achieve a quorum for the suggested reschedule date of Friday, February 22, 2019 and the meeting was held on Monday, February 25, 2019. Monday, February 18, 2019 was a state holiday (President's Day) and the date was subtracted from the two week window in which to staff, therefore it was believed that Monday, February 25, 2019 was the last possible date in which to staff the cases without violating policy. (See attachments).

This audit finding reinforces a few notions in relation to current CSA policy and this situation for consideration. The cases that were one business day late (including back into the count the state holiday) were foster care cases and therefore mandated for payment. The services were not non-mandated, nor were they community-based services open for Team approval or



disapproval of service provision. The FAPT has rarely deviated from the first and third Wednesday schedule that has been in place for years and all FAPT members were aware of the timeframes in which to hold emergency FAPT meetings. Pre-pandemic/State-of-Emergency, there were no provisions for electronic meetings such as in the event of inclement weather. Once these current pandemic circumstances ameliorate, current policy does not allow for documented, extenuating circumstances such as weather conditions to delay FAPT meetings. Current policy does not provide any guidance or exceptions for catastrophic or unforeseen events that may result in legitimate meeting delays that may occur.

In sum, please consider that in this situation, several factors were involved resulting in timely referred cases having an assessment delay due to poor weather, lack of quorum, and a counted holiday. The FAPT consists of seasoned, well-intentioned and conscientious members who exercised a good faith effort to hear the cases with adherence to policy as evidenced by the attached electronic communication between the CSA Coordinator and FAPT members. There is no evidence to suggest an intentional policy violation; therefore, we respectfully request a reconsideration of the financial ramification for a weather-related event.

Thank you for your consideration in this matter.

2. Concurrence with Audit Point

3. Concurrence with Audit Point

### OCS Audit Response

Family Assessment and Planning Teams are exempt from the provisions of the Virginia Freedom of Information Act (FOIA.) (§2.2-3700 ET seq). Therefore, electronic meetings were permitted, where necessary, for FAPT referrals Pre/Post-pandemic/State of Emergency. This practice is acknowledged in the Wythe County Family Assessment & Planning Team Policy & Procedures Manual, Section 20 EMERGENCY SERVICES FUNDING PROCEDURES, paragraph 5, which states “The Emergency FAPT Funding Approval Committee is composed of three (3) FAPT members, excluding the requesting agency. ***Emergency funding requests may be by telephone or e-mail.*** If the Family Assessment and Planning Team Emergency approves the request, the Coordinator will then present the request to the CPMT emergency committee by telephone or e-mail.”

***Bold italics*** added by auditor.

## B) GOVERNANCE

### Observation #2:

#### Criteria

Compliance and Internal Control – Repeat Observation

Formal performance measures and utilization management practices and procedures to assess overall program effectiveness have not been established in accordance with COV § 2.2-5206, items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence utilization management/utilization review (UM/UR) activities to include:

1. 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.
2. 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, relatives homes, family-like setting, or their community.

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 formal program evaluation 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.

This observation was also reported in the prior audits of the Wythe County CSA Program dated May 9, 2017 and August 27, 2018. A quality improvement plan was submitted indicating actions taken to address the observation had been completed in August 2018. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the action taken are continuously working as intended.

**Recommendation**

1. The Wythe County CPMT should periodically review and analyze local and statewide data provided in OCS management reports that are available on the CSA website, specifically but not limited to:
  - CSA Continuous Quality Improvement (CQI) tools  
(Weblink: <https://www.csa.virginia.gov/Resources/ContinuousQualityImprovement>)
  - OCS Reports to the General Assembly  
(Weblink: <http://www.csa.virginia.gov/OCSDData/ReportsPublications>)
2. The CPMT should consider incorporating UM as a standing agenda item and documenting the results of UM activities in the meeting minutes.

**Client Comment**

CPMT has already corrected this management point and the practices are already in effect.

<b>Observation #3:</b>	
<b>Criteria</b>	<b>Compliance</b>

The Wythe County Family Assessment & Planning Team Policy & Procedures Manual (Policy Manual) does not align with CSA Statutes and SEC Policies. The Policy Manual does not include a policy for providing intensive care coordination (ICC) services for children who are at risk of



entering, or are placed in, residential care through the Children’s Services Act program, consistent with guidelines developed pursuant to subdivision D 22 of § 2.2-2648. However, CSA data management reports highlighting performance outcomes indicate that utilization of ICC services increased from 0% in FY 2018 to 50% in FY 2019.

**Recommendation**

The Wythe County CPMT should immediately establish a policy for providing intensive care coordination within the existing Policy Manual, or as an attachment.

**Client Comment**

Wythe Co. CPMT shall align CSA Statutes and SEC Policies. ICC policy will be placed on the June 30, 2020 CPMT agenda for discussion and/or adoption.

**C) DATA INTEGRITY**

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

Data collection practices and procedures pertaining to CSA client records and the mandatory uniform assessment instrument have not been consistently applied to ensure complete, accurate, and reliable information is maintained. Discharge CANS assessments were not completed for two (2) of two (2) eligible client files. Per CSA Policy 3.6, a comprehensive CANS assessment is required upon discharge of CSA funded services. The data collected is used to evaluate outcomes and to inform decision making at the state and local level, which is dependent upon complete, accurate and reliable information.

Client	Date of Last CSA Action	Last CANS assessment
2	January 31, 2019	Reassessment – January 11, 2019
9	January 31, 2019	Initial – August 28, 2018

**Recommendation**

1. The FAPT should ensure that CANS assessments are completed per CSA Policy Manual Section 3.6 Mandatory Uniform Assessment Instrument (Adopted December 18, 2007, Revised December 13, 2018).
2. A quality assurance process should be developed to include periodic reviews of client case files to ensure required information has been collected, all forms are complete and retained in accordance with local records retention policy.
3. Individual Family Service Plans (IFSP) should clearly indicate when a client case file is closed and CSA services are no longer provided.

**Client Comment**

Wythe CPMT adopted a formal method for discharge, including CANS discharge forms.

## CONCLUSION

Our audit concluded that there were deficiencies in internal controls relating to expenditure reimbursements, financial reporting, utilization management and data integrity. Conditions were identified that affected compliance with statutory requirements pertaining to governance and oversight of operational and fiscal transactions. An exit conference was conducted on May 26, 2020 to present the audit results to the Wythe County CPMT. Persons in attendance representing the Wythe County CPMT were:

**CPMT:** Kimberly Ayers, Department of Social Services - CPMT Chair; Stephen Bear, County Administrator; Harry Street, County Sheriff's Office; Robert Hiatt, CPMT Vice Chair, Department of Juvenile Justice; KJ, Holbrook, Mount Rogers Community Services Board;

**Other:** Sonya Ramsey, CSA Coordinator; Jessica Hutchens, FAPT Facilitator, Mount Rogers Community Service Board

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

We would like to thank the Wythe County CPMT and CSA staff for their cooperation and assistance on this audit.

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services

Stephen D. Bear, Wythe County Administrator

Kimberly Ayers, CPMT Chair

Lori C. Guynn, CPMT Fiscal Agent

Sonya Ramsey, CSA Coordinator