



COMMONWEALTH of VIRGINIA

OFFICE OF COMPREHENSIVE SERVICES

Administering the Comprehensive Services Act for At-Risk Youth and Families

Susan Cumbia Clare, M.Ed.
Executive Director

July 28, 2014

Mr. Vincent Butaitis, CPMT Chair
Director, Fifteenth District Court Service Unit
601 Caroline Street, 4th Floor
Fredericksburg, VA 22401

RE: Fredericksburg CSA Program Audit Self-Assessment Validation, File No. 30-2013

Dear Mr. Butaitis,

In accordance with the Office of Comprehensive Service's (OCS) Audit Plan for Fiscal Years 2013-2015, the Fredericksburg Community Policy and Management Team (CPMT) has completed and submitted the results of the self assessment audit of your local CSA Program by the established due date of June 30, 2013. An on-site visit was scheduled and conducted by OCS Program Auditors on June 12, 2014 to perform the independent validation phase of the process.

Based on the review and examination of the self assessment workbook and supporting documentation provided by the Roanoke County CSA program, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Fredericksburg CPMT. We agree that no significant non-compliance observations were identified in the design or operation of the processes or services conducted on behalf of Fredericksburg CSA. However, we do not agree with the CPMT's conclusion that no significant internal control weaknesses were identified. The explanation for our assessment results are as follows:

The Fredericksburg Community Policy and Management Team concluded that there were only non-significant compliance and/or internal control weakness observations noted. However, validation procedures of the locally prepared CSA Self-Assessment Workbook identified a significant/material¹ internal control weakness in the local CSA program. An adequate system of internal controls is contingent upon consistent and proper application of established policies and procedures affecting CSA funded activities, as well as monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure are considered significant. Specifics pertaining to the Fredericksburg CSA Program are detailed on page 2.

¹ Material weaknesses in internal controls is defined by Statement of Auditing Standards No. 117 issued by the American Institute of Certified Public Accountants as "a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis." The CSA Program audit is not an audit of financial statements, therefore, an opinion on management assertions presented in the locality Comprehensive Annual Financial Report is not being rendered.

SIGNIFICANT INTERNAL CONTROL WEAKNESS

The Fredericksburg CSA parental co-pay policy regarding service provider collection of co-pays assessed by the CSA program undermines the accuracy of financial reporting of the actual parental contributions collected. The CSA program has not reported any parental contributions during fiscal years 2009 to present. Fredericksburg CSA has circumvented this requirement through their practice of deducting the assessed parental contribution from the vendor service rate at the time the purchase of service order is issued. This practice assumes that the service provider actually collects the full co-pay required by the parent. The likelihood of misstatements in the Pool Fund Reimbursement Reports is significantly increased because it reports the reduced expenditure without acknowledgement of the parent contribution as the cause and also misrepresents actual expenditures due to the disparity that may exist between the assessed co-pay initially deducted by the CSA program and the actual co-pay collected by the service provider.

Further, the responsibility for collection of assessed contributions rests with the CPMT in accordance with Current Appropriations Act Chapter 806 which states in Item 283.E :

Pursuant to subdivision 3 of §2.2-52.06, Code of Virginia, Community Policy and Management Teams shall enter into agreements with the parents or legal guardians of children receiving services under the Comprehensive Services Act for At-Risk Children and Youth. The Office of Comprehensive Services shall be a party to any such agreement. If the parent or legal guardian fails or refuses to pay the agreed upon sum on a timely basis and a collection action cannot be referred to the Division of Child Support Enforcement of the Department of Social Services, upon the request of the community policy management team, the Office of Comprehensive Services shall make a claim against the parent or legal guardian for such payment through the Department of Law's Division of Debt Collection in the Office of the Attorney General.”

While the local policy allows for the service provider to collect the co-pay from the parent, the actual amounts collected and associated delinquencies are not reported to the CPMT. Monitoring of such activity by the CPMT and CSA Coordinator would ensure appropriate adjustments are recorded in the Pool Fund Reimbursement Request Report submitted to the Office of Comprehensive Services (OCS) and that appropriate collection actions are explored to recover past due amounts.

CRITERIA:

- Current Appropriations Act Chapter 806, Item 283.E
- CSA Policy Manual, Section 4.5.3 – Disbursement Toolkit, Reimbursements-Recovery of Funds from Other Sources

RECOMMENDATION: The CPMT should strongly reconsider its policy of provider collection of parental co-pays. In doing so, the CPMT should ensure that Pool Fund Reimbursement Request Reports accurately capture parental contributions, and that procedures are established to document and collect delinquent accounts.

CLIENT COMMENT:	<p>“Fredericksburg CPMT appreciates the Office of Comprehensive Services’ (OCS) audit processes that were established in 2013 and the clarification of Code and State policy to localities that occurred during this process. Fredericksburg CPMT completed the self-assessment workbook in FY 2013 and it brought forth a thorough review of our processes and procedures. The Fredericksburg CPMT self assessment workgroup reviewed the current parental co-payment policy section of our manual and did not find a significant internal control weakness. Our locality’s parental co-payment policy was implemented over 10 years ago and until the validation meeting of the self assessment workbook on June 12, 2014, it was unknown to the CPMT and CSA Coordinators past and present that having vendors collect parental co-payments was not allowable per the Appropriations Act. At this time, Fredericksburg CPMT is working towards revision of the policies and procedures regarding our parental co-payment process. Fredericksburg CPMT will implement policies and procedures that align with the OCS interpretation of the Appropriations Act.”</p>
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The Office of Comprehensive Services respectfully requests that you submit a quality improvement plan to address the observation outlined on this page no later than 30 days from receipt of this report. In addition, we ask that you notify this office as quality improvement tasks identified are completed. OCS will conduct a follow up validation to ensure the quality improvements have been implemented as reported.

We would like to thank the Fredericksburg Community Policy and Management Team and related CSA staff for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the excellent assistance and cooperation that was provided by Joan Perry, CSA Coordinator during our on-site visit. Ms. Perry's efforts enabled the audit staff to quickly resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,


Stephanie S. Bacote, CIGA
Program Auditor

cc: Susan C. Clare, Executive Director
Beverly R. Cameron, Fredericksburg City Manager
David E. MacIndoe, CPMT Fiscal Agent
Assistant Director of Fiscal Affairs, City of Fredericksburg
Joan Perry, CSA Coordinator