

***COMPREHENSIVE SERVICES ACT
PROGRAM AUDIT***

Pittsylvania County

Audit Report No. 20-2014

June 2, 2014



**Office of
Comprehensive
Services**

Empowering communities to serve youth

TABLE OF CONTENTS

Executive Summary

Introduction 1

Background 2 - 3

Observations and Recommendations

Program Activities 4 - 5

Conclusion 6

Report Distribution 7

EXECUTIVE SUMMARY

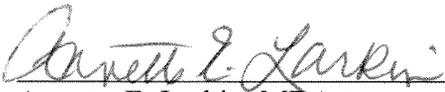
The Office of Comprehensive Services has completed the annual audit of the Pittsylvania County Comprehensive Services Act for At Risk Youth and Families (CSA) program. Our audit concluded that Pittsylvania County CSA Program has made significant improvement in program management since the 2010 audit conducted by the Auditor of Public Accounts. However, a material weakness¹ in internal controls and compliance over operational and fiscal activities still exists that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements as follows:

The Pittsylvania County CSA program has not completed actual case specific utilization reviews and/or reported on the assessment of utilization management of providers of CSA funded services. The implementation of the utilization management/utilization review (UM/UR) process has been delayed due to significant modifications to the local UM/UR policy, which was not formally adopted by the Pittsylvania County CPMT until March 27, 2014. However, this does not negate the CPMT's responsibility to ensure timely assessments are performed to determine appropriate and effectiveness of services purchased using CSA pool funds. Pittsylvania County's CSA program has been non-compliant with the statutory requirement for a significant period, which puts the program at increased risk that these cases would be subject to the denial of funds policy. Pursuant to the fully executed "Corrective Action and Quality Improvement Plan Agreement Between Pittsylvania-Danville Community Policy and Management Board and the Virginia Office of Comprehensive Services", Pittsylvania County CSA program could be subject to full repayment of the \$7.69 million spent for ineligible youth for failure to meet the terms of this agreement as a result of continued non-compliance with CSA statutes, policies, and procedures. This observation was also reported in the prior CSA program financial/compliance audit of Pittsylvania-Danville, File No. 21-2013.

The Office of Comprehensive Services appreciates the cooperation and assistance provided on behalf of the Pittsylvania County Community Policy and Management Team and other CSA staff. Formal responses from the Pittsylvania County Community Policy and Management Team to the reported audit observations are included in the body of the full report.

A quality improvement plan to address the observations outlined within this report must be submitted to the Office of Comprehensive Services (OCS) within 10 business days of receipt of this report. Upon receipt, OCS will schedule a follow-up review in six months to assess compliance with CSA statutes and the quality improvement plan submitted.


Stephanie S. Bacote, CIGA
Program Auditor


Annette E. Larkin, MBA
Program Auditor

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.

INTRODUCTION

The Office Comprehensive Services (OCS) has completed a financial/compliance audit of the Pittsylvania County's Comprehensive Services Act for At-Risk Youth and Families 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 June 2, 2014 and covered the period February 1, 2013 through January 31, 2014.

The objectives of the audit were to:

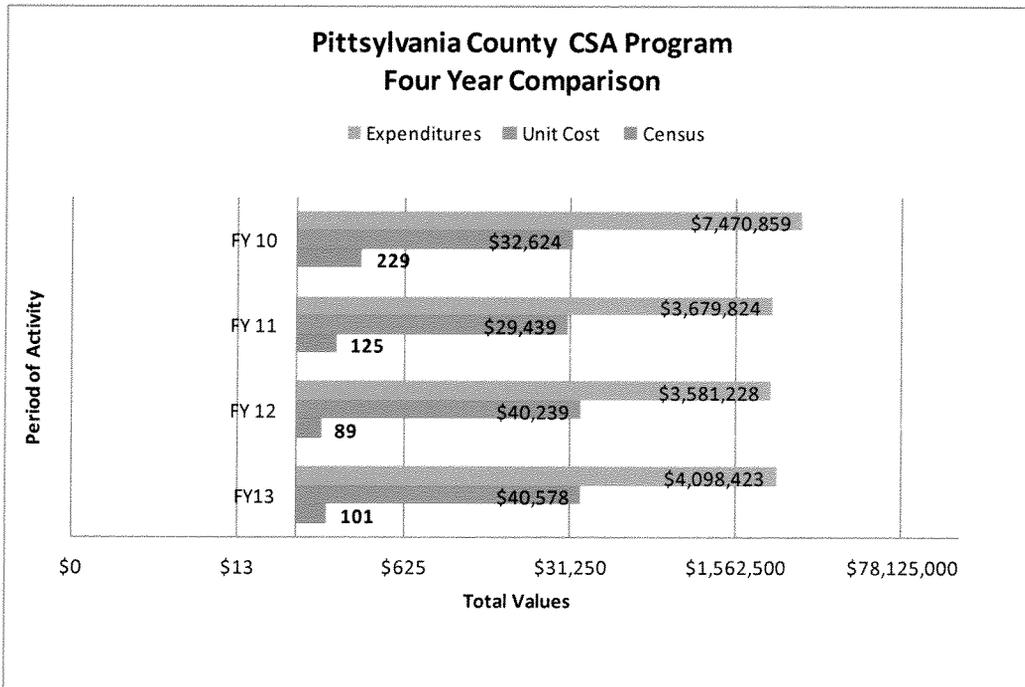
- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To assess whether operations have maintained high standards for sound fiscal accountability and ensured responsible use of taxpayer funds by evaluating fiscal activities of local CSA programs.
- To 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.
- To determine satisfactory implementation of quality improvement plans adopted to address observations reported in prior audits performed by the Auditor of Public Accounts (November, 2010) and the Office of Comprehensive Services (June, 2013)

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, procedure, 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 Comprehensive Services Act for At-Risk Youth and Families (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. Of the approximate \$278 million appropriated by the Virginia General Assembly and local governments to fund CSA, the initial allocation (state and local funds) for Pittsylvania County was \$3.99 million in Fiscal Year (FY) 2013 and \$2.46 million in FY 2014. The total reimbursed expenditures for the County of Pittsylvania in FY 2013 was \$4.09 million, which represents a 20.5% increase above the initial fiscal year 2013 funding allocations. Supplemental funding allocations totaling \$712,016 were requested and granted to cover the increase in expenditures for “sum sufficient” services provided to eligible at-risk youth and families. CSA pool funds were used to provide services to approximately 101 youths in the Pittsylvania County community.

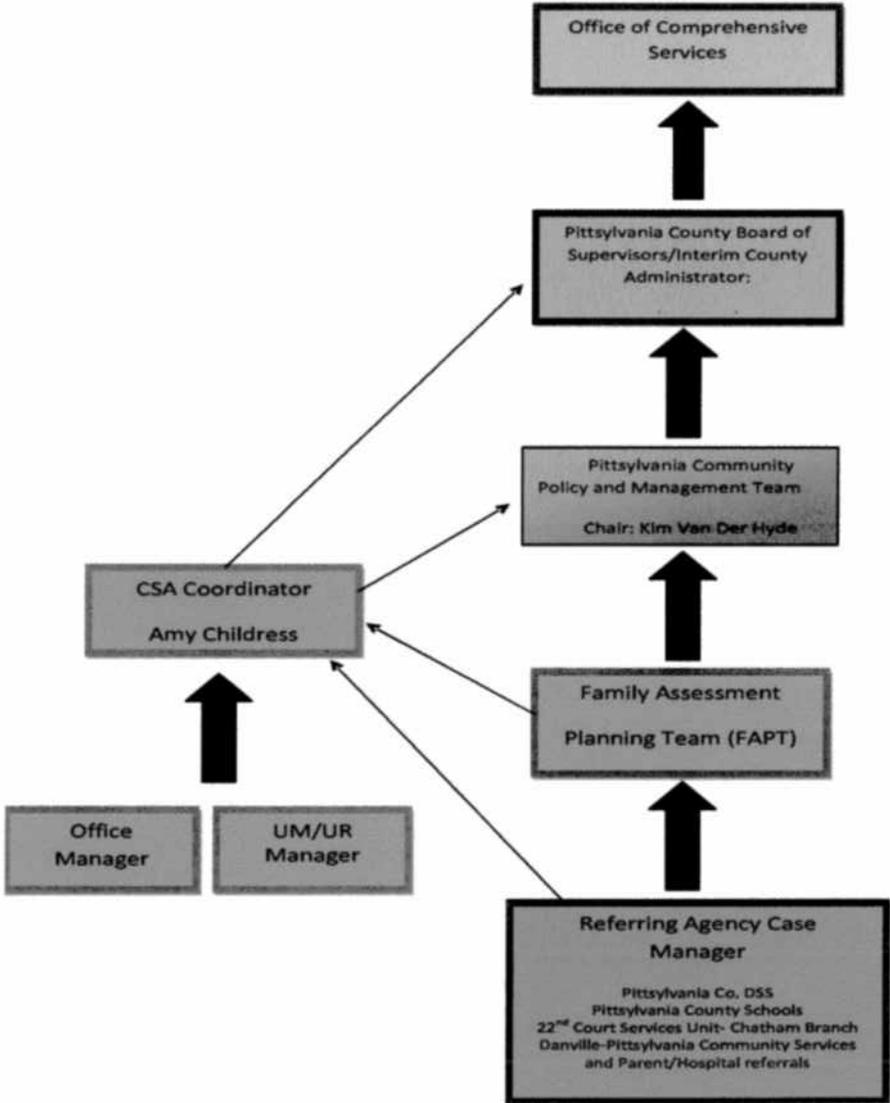
Pittsylvania County is situated in Virginia’s south-central Piedmont plateau region. The county encompasses 982 square miles, making it the largest county in the state. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Pittsylvania County has a population estimate of 63,167 as of July 1, 2013. CSA program expenditures, population, and unit costs (cost per child) have remained relatively stable over the past three fiscal years. Based on reported expenditures for fiscal year 2013, the estimated per capita cost of CSA in the Pittsylvania County is \$65. The charts below depict a comparison for fiscal years 2010 through 2013.



Source: CSA Website, Statewide Statistics, Pool Expenditure Reports (<http://www.csa.virginia.gov/publicstats/pool/localitybyyear.cfm>)

The state funds, combined with local community funds, are managed by local interagency teams, referred to as “Community Policy and Management Team (CPMT) who plan and oversee services to youth. The Pittsylvania County Community Policy and Management Team was established to comply with this statute. The CPMT is supported in this initiative by the Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services and through administrative support provided by the CSA Coordinator and an Office Manager. The local management structure for the Pittsylvania County CSA Program is as follows:

*Pittsylvania County
Comprehensive Services Act Program
Organizational Chart
FY 2013 - 2014*



Source: Pittsylvania County CSA Office

OBSERVATIONS AND RECOMMENDATIONS

PROGRAM ACTIVITIES

Observation: The Pittsylvania County CPMT established policies and procedures to govern utilization management/utilization (UM/UR) reviews that were adopted in January 2013, and revised effective March 2014. However, the CSA program had not completed actual case specific utilization reviews and/or utilization management assessment and reporting during that period. The implementation of the utilization management/utilization review (UM/UR) process has been delayed due to significant modifications to the local UM/UR policy, which was not formally adopted by the Pittsylvania County CPMT until March 27, 2014. However, this does not negate the CPMT's responsibility to ensure that timely assessments are performed to determine appropriate and effectiveness of services purchased using CSA pool funds.

UM/UR is a key element in CPMT monitoring activities in assessing the validity and effectiveness of services purchased, which is critical to ensure that the CPMT is well-informed when carrying out its decision-making responsibilities. Pittsylvania County's CSA program has been non-compliant with this statutory requirement for a significant period, which puts the program at increased risk that these cases would be subject to the denial of funds policy. Pursuant to the fully executed "Corrective Action and Quality Improvement Plan Agreement Between Pittsylvania-Danville Community Policy and Management Board and the Virginia Office of Comprehensive Services", Pittsylvania County CSA program could be subject to full repayment of the \$7.69 million spent for ineligible youth for failure to meet the terms of this agreement as a result of continued non-compliance with CSA statutes, policies, and procedures.

This condition was also reported in the prior audit dated July 23, 2013.

Criteria:

- [COV § 2.2-5206 \(13\)](#)
- CSA Manual Section 8.1 Utilization Management
- [Policies Regarding Denial of Funding to Local Governments \(Adopted June 2011\)](#)
- Corrective Action and Quality Improvement Plan Agreement Between Pittsylvania-Danville Community Policy and Management Board and Virginia Office of Comprehensive Services

- Department of Accounts, Agency Risk Management & Internal Control Standards (ARMICS): Control Environment, Oversight by the Agency's Governing Board and Control Activities, Monitoring

Recommendation: Since there have been no utilization review of case files in the past two years, the CPMT should establish a process to initiate an immediate utilization review of individual client case files and a reasonable time frame for reporting the results to the CPMT. Further, the CPMT should follow through with their intended plans to hire staff to specifically provide operational support for the UM/UR monitoring function. The Office of Comprehensive Services should schedule a follow-up review in no less than six months to assess compliance with CSA statutory requirement.

Client Comments: "The CPMT adopted a UM/UR policy and procedures and UM/UR form on March 27, 2014, using resources from the OCS website. The CSA Coordinator asked Pittsylvania County Board of Supervisors to approve the addition of an UM/UR invoice specialist position to the CSA department; if approved, this position would begin July 1, 2014."

CONCLUSION

Our audit concluded that a material weakness¹ in internal controls and compliance over operational and fiscal activities still exists that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. An exit conference was conducted on May 29, 2014 to present the audit results to the Pittsylvania County CPMT. Persons in attendance representing Pittsylvania CPMT were Honorable James Snead, Pittsylvania County Board of Supervisors, County Government Official; Kim Van Der Hyde, CPMT Chair/Finance Director; Mary C. “Fran” Elgin, Director, District 22 Court Services Unit; Ann Cassada, Assistant Superintendent for Support Services, Pittsylvania County Schools; Kathryn Plumb, Manager, Department of Health; James F. Bebeau, Executive Director, Danville-Pittsylvania Community Services; Valarie Weir, Pittsylvania Department of Social Services; Vaden Hunt, Pittsylvania County Attorney; Tonya Fowler, Executive Director, The ARC of Southside (Private Provider Representative); Cindy Lovell, Danville-Pittsylvania Community Services; Amy Childress, CSA Coordinator and Louise Jones, Office Manager. Representing the Office of Comprehensive Services was: Stephanie Bacote, Program Auditor and Annette Larkin, Program Auditor.

We would like to thank the Pittsylvania County Community Policy and Management Team and related CSA staff for their cooperation and assistance on this audit.

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.

REPORT DISTRIBUTION

Susan Clare, Executive Director
Office of Comprehensive Services

Otis Hawker, Interim Pittsylvania County Administrator
&CPMT Fiscal Agent

Kim Van Der Hyde, CPMT Chair

Amy Childress, CSA Coordinator