



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

OFFICE OF CHILDREN'S SERVICES
Administering the Children's Services Act

MEMORANDUM

TO: State Executive Council for Children's Services

FROM: Janet Van Cuyk, Assistant Director
Office of Children's Services

VIA: Scott Reiner, Executive Director

RE: SEC Policy 4.7 (Response to Audit Findings) – Request for Final Approval

DATE: September 21, 2017

I. Action Requested

The State Executive Council for Children's Services (SEC) is requested to provide final approval the proposed SEC Policy 4.7, Response to Audit Findings with Regard to Children Services Act, pursuant to SEC Policy 2.4, Public Participation in Policy-making Actions.

If approved the policy would become effective October 1, 2017 and be applicable to as yet not completed audits beginning with the FY2017 – FY 2019 cycle. Audits in this cycle will be considered the "base" year for any findings that may result in action as a "second or subsequent" finding under the proposed policy.

II. Background

Section 2.2-2648 of the *Code of Virginia* authorizes the SEC to establish interagency programmatic and fiscal policies, provide for the administration of necessary functions that support the work of the Office on Children's Services (OCS), establish and oversee the operation of an informal review and negotiation process with the OCS Executive Director and a formal dispute resolution procedure before the SEC when the Executive Director or SEC finds that a community policy and management team (CPMT) failed to comply with any provision of, and deny state funding to a locality where a CPMT fails to comply with the CSA or other applicable statutes or policies.

SEC Policy 4.6, Denial of Funds, sets forth the procedures to follow for investigating or determining noncompliance with applicable statutes, regulations, or policies applicable to the Children’s Services Act (CSA).

Section 2.2-2648 of the *Code of Virginia* authorizes the OCS to develop and provide for the consistent oversight for program administration and compliance with state policies and procedures; provide an informal review and negotiation process; and implement, in collaboration with participating state agencies, policies, guidelines and procedures adopted by the SEC.

OCS employees conduct audits of local CSA programs, procedures, and practices through interview, observation, and the review of documentation to determine compliance, in whole or in part, with the requirements of relevant state or federal statutes, including the applicable Appropriations Act provisions, regulations, or policies, whether specific to the CSA or promulgated by the agencies participating in the CSA, that govern the operations of local CSA programs.

The report completed by the OCS auditors is reviewed by the OCS Executive Director where a determination is made, if applicable, as to the type of noncompliance and whether the locality will be required to reimburse the expended state pool funds. The categories and actions outlined in this proposed SEC Policy 4.7, Response to Audit Findings with Regard to Children Services Act, are consistent with current OCS practices.

The SEC’s Finance and Audit Committee developed the substance of this policy. The committee advanced the concept and the level designations for consideration by the SEC at the Notice Stage and the SEC approved this proposed policy for public comment at the Proposed Stage at its meeting on June 15, 2017.

III. Public Comment

A public comment period at the Proposed Stage was open from June 19, 2017, through August 20, 2017. Below in tabular format is a summary of the public comments received and the responses of the OCS for consideration by the SEC. Full text copies of all of the public comments received are available for your review.

IV. Conclusion

The proposed SEC Policy 4.7 is intended to provide clarity to localities on OCS’s response to audit findings of noncompliance and guidance for the OCS Executive Director for objective, consistent responses to such findings. The proposed draft reflects responses to the public comments received as described in this memorandum.

The SEC is requested to authorize final approval of the proposed (as revised) SEC Policy 4.7, Response to Audit Findings with Regard to Children Services Act, pursuant to SEC Policy 2.4, Public Participation in Policy-making Actions.

| # | Commenter | Summary of Comments | OCS Response |
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| 1 | <p>Gloucester County CPMT</p> <p>(via the OCS website)</p> | <p>1. Section 4.7.4.2 Noncompliance Level Two Finding, B.3.: "CPMT did not approve services and expenditures in a timely manner but did so within a reasonable (e.g. 30 day) time period". This seems to be open to interpretation based on what timely manner may be to one person vs. another. It is suggested that guidance be provided on what is recommended in the user's guide if this timely manner statement remains. While vague can be good, it can also serve the opposite purpose.</p> | <p>Thank you for submitting Gloucester County's comments on the Proposed Stage of SEC Policy 4.7.</p> <p>1. The proposed policy has been revised to remove references to "timely". The specific items referred to in this comment have also been removed from this area of the proposed policy.</p> |
| 2 | <p>Sarah Snead, President</p> <p>Virginia Association of Local Human Services Officials</p> | <p>1. Proposed policy is a reasonable action, concern is with potential unintended consequences. SEC should ensure the audit process maintains a balance between the state's oversight function and locality's authority to make program and funding decisions.</p> <p>2. The language of the proposed policy has moved away from a collaborative, quality improvement process to a more punitive process that places localities in increased financial risk.</p> <p>3. OCS audits should focus on compliance to CSA policy. Audit findings such as "inadequate documentation", "inadequate fiscal controls", "sufficient evidence", "timely manner", "obsolete", "incomplete" are open to</p> | <p>1. Thank you for submitting VALHSO's comments on the Proposed Stage of SEC Policy 4.7. The comment that the SEC should ensure the audit process maintains a balance between the state's oversight function and locality's authority to make program and funding decisions is appreciated and is the intent of the proposed policy.</p> <p>2. The proposed policy memorializes existing practice with regard to OCS response to audit findings that have been in place for years. There is no intent to move to a more punitive mode of response to audit findings, but rather to balance statutorily required oversight with a quality improvement oriented process. The policy provides a framework for consistency in the response to audit findings.</p> <p>3. The proposed policy has been revised to provide the specific statutory and policy bases for potential areas of noncompliance. Additionally, the questioned terms were either removed or further defined for clarity and exactitude. Local CSA programs have the right to dispute</p> |

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| | <p>interpretation and could allow the audit to invade the purview of the local CPMT.</p> <p>4. Other external audit findings (e.g., independent financial audits) should be taken into consideration during an OCS audit.</p> <p>5. The proposed policy does not clearly define the fiscal parameters related to denial of funds and/or fund recovery. Further definition is required related to what is included in the fiscal sanction process. A due process for appealing fiscal sanctions as well as a graduated system of denial and withholding of funds should be included in the policy (example provided).</p> <p>6. The proposed policy should include an allowable threshold of errors as is common with other audit processes. The audit process should take into consideration the complexity of a local CSA program, the fact that it is a multi-agency process and reflect that in the definition of noncompliance. There should be an</p> | <p>any audit findings they disagree with and to have the OCS and the SEC make a final determination of their validity.</p> <p>4. With regard to other external audit findings (e.g., independent financial audits) being taken into consideration during an OCS audit, OCS is willing to and already does so. However, due to the complexity of the CSA program, few independent financial audits are familiar with, nor explore in detail, compliance with CSA requirements. The OCS audit is responsible for ensuring accountability for the use of state CSA funds and cannot delegate that to other, external audit processes.</p> <p>5. It is unclear what further specificity is desired. SEC Policy 3.4 (“Dispute Resolution Process”) specifies the due process for appealing a fiscal sanction. Over the past three years of audits, a relatively small number of findings have resulted in a denial of funds and an even smaller number have resulted in informal appeals to the OCS. No denial of funds action has progressed to a formal hearing before the SEC. The commenters proposed “Responses to Noncompliance Findings” are insufficient to meet the statutory requirements of the SEC to deny funding where the CPMT fails to provide services that comply with the Children’s Services Act.”</p> <p>6. OCS agrees that the CSA program is complex. The definitions of noncompliance however, are derived directly from statute, regulation or policy. OCS audits examine a relatively small sample of cases, therefore limiting the potential adverse impact of administrative errors. Allowing a threshold of error where state pool funds have been used inappropriately would be in contradiction to statutory language as provided in the</p> |
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| | | accepted threshold of administrative errors that are inherent to a complex program such as CSA. | Authority section of the proposed policy. Establishing a “tiered” level of noncompliance findings in the proposed policy represents a recognition that not all noncompliance findings are “created equal” and to deny funds only in the most serious instances or where the locality has failed to correct previously identified findings. |
| 3 | Catherine Pemberton, President Virginia League of Social Services Executives | These comments are identical to Commenter 2. | Thank you for submitting the comments of Virginia League of Social Services Executives on the Proposed Stage of SEC Policy 4.7. Please see Responses to Commenter 2. |
| 4 | Kimberly Irvine, Director York County – City of Poquoson DSS | These comments are identical to Commenter 2. | Thank you for submitting the comments of the York County-Poquoson DSS on the Proposed Stage of SEC Policy 4.7. Please see Responses to Commenter 2. |
| 5 | Phyllis Savides, Chair Albemarle County CPMT Kaki Dimock, Chair Charlottesville CPMT | These comments are identical to Commenter 2. | Thank you for submitting the comments of the Albemarle County and Charlottesville CPMTs on the Proposed Stage of SEC Policy 4.7. Please see Responses to Commenter 2. |

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| 6 | <p>Dean Lynch, Executive Director</p> <p>Virginia Association of Counties</p> | <ol style="list-style-type: none"> 1. VACo is supportive of establishing a formal policy that outlines how the OCS will respond to findings of noncompliance with policy or statute. Concerned that some of the proposed examples of noncompliance are subjective and could result in a locality being penalized for failure to follow what an auditor believes to be best practices. 2. The proposed policy does not set out an allowable threshold for administrative errors and should take into consideration that some minor instances of noncompliance are inevitable in a program involving multiple state and local agencies. 3. Level Three findings should be limited to the most serious errors or those which could jeopardize children’s safety. <ol style="list-style-type: none"> a. Remove “funding was not approved by the CPMT” as it seems to suggest that the CPMT approve individual expenditures at the case level, which is not required by Code. | <ol style="list-style-type: none"> 1. Thank you for submitting the comments of the Virginia Association of Counties (VACo) on the Proposed Stage of SEC Policy 4.7. VACO’s recognition of the appropriateness of a policy such as that proposed is appreciated. Instances of possible subjectivity and “best practice” considerations have been revised in the proposed policy to be more precise and objective. 2. OCS audits examine a relatively small sample of cases, therefore limiting the potential adverse impact of administrative errors. Allowing a threshold of error where state pool funds have been used inappropriately would be in contradiction to statutory language as provided in the Authority section of the proposed policy. Establishing a “tiered” level of noncompliance findings in the proposed policy represents a recognition that not all noncompliance findings are “created equal” and to deny funds only in the most serious instances or where the locality has failed to correct previously identified findings. 3. Regarding the specific suggestions to move specific examples of noncompliance findings to lower tiers: <ol style="list-style-type: none"> a. The Code (§2.2-5206 (9)) requires that all CSA expenditures be authorized by the CPMT. The audit process accepts evidence of such authorization through either case specific action approval or in a “bulk action” of a list of expenditures submitted to CPMT for review without action on each individual case. For example, CPMT minutes indicating approval of all cases presented would constitute compliance for audit purposes. b. These examples represent fundamental issues in which CSA cannot be held responsible for inaccurate |
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| | | <p>b. Similarly, “payment for VEMAT when the VDSS policy was not followed” and “Title IV-E funding denied due to error” should be moved to Level Two.</p> <p>c. Services within the scope of another agency is broad a subject to interpretation.</p> <p>4. For Level Two findings, recovery of pool funds for a second instance of noncompliance is overly punitive, particularly considering that some of the examples of noncompliance would be a subjective decision by an auditor, such as “inadequate documentation”.</p> <p>5. Suspension of all state pool reimbursements for a second instance of a Level One finding is unduly punitive that could also be determined in accordance with a subjective standard, e.g., “lack of evidence of long-range planning”.</p> | <p>reimbursement to localities due to failure to follow the approved policies of the Department of Social Services. The integrity of the VEMAT and Title IV-E processes are critical to the accountability of CSA expenditures. This is consistent with the § 2.2-2648 (D) (20) and the SEC Denial of Funds policy 4.6.</p> <p>c. This example has been edited for clarity. Additional potential occurrences not provided in the proposed policy are subject to the policies of other agencies and consultation with those agencies occurs before any finding of noncompliance.</p> <p>4. The proposed policy has been edited to provide the specific documentation requirements as provided in SEC Policy 3.5 (Records Management) to remove any subjectivity. A first occurrence of such a finding requires only a corrective action plan which should be monitored by the locality for implementation in order to resolve the finding.</p> <p>5. Eliminating any opportunity to suspend funds for repeated Level One findings on a subsequent audit is likely to diminish the value of the quality improvement aspect of the audit process as requiring only a corrective action plan may or may not result in any quality improvement. The proposed policy has been edited to use the term “lack of documentation” which is a “yes/no” indicator. While recommendations for improvement may be offered when documentation is present but deemed less than “ideal” by the auditor, this would not constitute a finding of noncompliance. Local CSA programs have the right to dispute any audit findings they disagree with and to have</p> |
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| | | <p>6. In the absence of clear violations of policy, regulation or statute, OCS’s audit function should focus on making recommendations to localities on best practices rather than penalizing localities for errors.</p> | <p>the OCS and subsequently, the SEC make a final determination of their validity.</p> <p>6. There needs to be a balance between recommendations for best practices and the need for the OCS to carry out its statutory responsibilities to monitor and respond to findings of noncompliance. The proposed policy has been revised to more clearly define the policy, regulation or statute involved in such findings and to remove issues of best practice from consideration as noncompliance findings.</p> |
| <p>7</p> | <p>Janet Areson, Director of Policy Development</p> <p>Virginia Municipal League</p> | <p>1. VML supports the comments submitted by Commenters 2, 6 and 8.</p> <p>See Commenter 2 Items 3 and 6</p> <p>See Commenter 6 Items 4 and 5</p> <p>2. Level three findings with state pool reimbursements should be limited to the most serious errors – clear violations of law or regulation that could jeopardize a child’s safety, such as placement with an unlicensed provider. Any actions must be in line with the requirements of the Code of Virginia.</p> | <p>Thank you for submitting the comments of the Virginia Municipal League (VML) on the Proposed Stage of SEC Policy 4.7.</p> <p>1. Please see responses to relevant items from Commenters 2, 6, and 8.</p> <p>2. The actions in the proposed policy are in accordance with the <i>Code of Virginia</i> as specified in the Authority section of the policy.</p> |

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| 8 | <p>Sarah Snead, Deputy County Administrator</p> <p>Emily Russell, Assistant County Attorney</p> <p>Chesterfield County</p> | <ol style="list-style-type: none"> 1. The draft policy unlawfully broadens the authority of the Council and OCS to deny funding to CPMTs. <ol style="list-style-type: none"> a. Provides a legal interpretation limiting the SEC’s authority to deny funds. b. The use of examples throughout the policy is problematic in that it suggests denial of funds for instances that are not a basis for denial under the law. c. Some examples include subjective language (e.g., funding was not approved by the CPMT, services were within the scope of responsibility of another agency, CPMT did not approve services and expenditures in a timely manner, missing or inadequate financial documentation). 2. Please define “participating agency”. 3. Throughout the draft policy, attempts to restate the law have led to over-broadening or over-narrowing of the legal requirements. Rather than attempt to restate the law, we suggest amending the draft policy to make references to the CSA, specific policies, and/or state laws generally. 4. It is unclear how the informal review and negotiation process implemented by OCS relates to noncompliance findings under the draft policy. Please clarify the general process. | <p>Thank you for submitting Chesterfield County’s comments on the Proposed Stage of SEC Policy 4.7.</p> <ol style="list-style-type: none"> a. and b. The actions in the proposed policy are in accordance with the <i>Code of Virginia</i> as specified in the Authority section of the policy. c. The examples have either been revised or the statutory or policy authority added to the proposed policy. 2. A definition has been added to the proposed policy. 3. The proposed policy has been revised to provide the specific references suggested. 4. The determination regarding denial of funds as provided for in the proposed policy precedes any activity under the SEC Dispute Resolution Policy (Policy 3.4). The findings to be made by the OCS Executive Director under the proposed policy occur prior to and will lead to a written finding in accordance with Section 3.4.2 of the SEC Dispute Resolution policy. |
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| | <p>5. The Code (§2.2-2648 (D) (19) requires that a plan of correction should be submitted in accordance with the dispute resolution process and following a formal written finding of such noncompliance. The proposed policy does not align with the requirements of the Code.</p> <p>6. Suggest replacing all references to “case-specific” with “child-specific”.</p> <p>7. Prior to acting on the proposed policy, the OCS should provide training on standard operating procedure before penalizing a CPMT through the audit process.</p> <p>8.a. The definitions of “audit” and “noncompliance finding” are too broad. References back to comment 1.</p> <p>8.b. Please clarify whether a “noncompliance finding” is the same as a “formal written finding” as described in § 2.2-2648 (D) (19).</p> <p>9. Suggest revision of the Section 4.7.4.1 (A) of the proposed policy to read: “General Parameters: Audit findings in the category are case-specific and occur when CSA state pool funds have been reimbursed when</p> | <p>5. The plan of correction specified in the proposed policy occurs following a noncompliance finding and is a standard requirement of audit practice. This is not a substitute for any of the steps in the dispute resolution process, rather it precedes that process and may occur in the absence of a Request for Reconsideration.</p> <p>6. The proposed policy has been revised in accordance with this suggestion.</p> <p>7. There are no “standard operating procedures” in the CSA due to the extensive local flexibility provided. All of the requirements covered in the proposed policy reside in statute, regulation or established policy. In addition to the “in-person” training events referenced in the comment, the OCS has developed an extensive CSA User Guide, a set of on-line resources and a robust technical assistance program to provide necessary and requested information about CSA requirements to local CPMTs. The CSA Audit Self-Assessment Workbook is a comprehensive and detailed document covering all areas of audit compliance. Through a now completed audit cycle, all localities have had the opportunity to better understand the requirements for compliance with CSA audits.</p> <p>a. Please see responses to comment 1.</p> <p>b. The revised definition of a “noncompliance finding” in the proposed policy addresses this issue.</p> <p>9. The provision of services authorized to be paid for with CSA funds must be in compliance with not only the CSA and SEC policies, but also with other state and federal statutes, regulations and policies pertaining to the</p> |
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| | | <p>the expenditure is not authorized by the CSA.” Several examples re then provided from Section 4.7.4.1 (B) of the proposed policy. Similar comments and examples are provided for Level Two and Level One findings in the proposed policy with the result of limiting the scope of the authority of the OCS and the SEC to deny funds.</p> <p>10. The Code grants the SEC authority to deny funds but does not grant such authority to the executive director of the OCS.</p> <p>11. Sections 4.7.6 and 4.7.7 are misnumbered.</p> | <p>provision of those services, including those statutes, regulations and policies of the participating agencies.</p> <p>10. SEC Policy 4.6 (E) authorizes the OCS, as the administrative entity of the SEC pursuant to § 2.2-2649 (A), to deny state funding. The <i>Code</i> (§ 2.2-2648 (19) directs the SEC to establish the process which includes the right of appeal to the SEC which holds final authority over denial of funds should the locality wish to avail itself of that right. Item 285, subsection B.1.e of the Appropriations Act directs the OCS to deny funding to any locality not in compliance with federal and state requirements pertaining to special education and foster care services funded with CSA funds.</p> <p>11. The listed sections have been correctly numbered.</p> |
| <p>9</p> | <p>Patricia Harrison, Deputy County Executive for Health and Human Services and Chair,</p> <p>Fairfax-Falls Church CPMT</p> | <p>1. Development of policy for state audits and clarification about how the Office for Children's Services (OCS) will respond to audit findings is necessary and helpful to local administration of the program.</p> <p>2. Our CPMT concurs with and endorses the public comments provided by VALHSO and VACo (relevant points summarized).</p> <p>3. Provides a detailed table with suggestions as follows: a. In Section 4.7.4.1 replace “required to be paid” with existing language from policy.</p> | <p>1. Thank you for submitting the comments from Fairfax-Falls Church CPMT and the Fairfax County on the Proposed Stage of SEC Policy 4.7 and for your endorsement of the value of a CSA policy for state audits and clarification about how OCS will respond to audit findings.</p> <p>2. Please see responses to Commenters 2 (VALHSO) and 6 (VACo).</p> <p>a. The proposed policy has been revised to reflect this comment.</p> |

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| | <ul style="list-style-type: none"> b. Modify language about “funding not approved by the CPMT” c. Suggests that utilization of state pools funds in violation of participating agency statutes, regulations, or policies (specifically the VEMAT and Title-IV examples found in Section 4.7.4.1.6.a. and b.) are not major <u>violations</u> of agency statutes, regulations, or policies and should be moved to a Level 2 finding as the demonstrate documentation errors which should not negate state support for provision of mandated services to children who have categorical eligibility based on being in foster care. d. Suggestions concerning Section 4.7.4.1.7 (“Services within the scope of another agency”) e. In Section 4.7.4.2.2 reword to be specific about time frames about emergency placements. f. In Section 4.7.4.2.4, subjective quality of this finding is problematic. g. In Section 4.7.4.3.5 and 4.7.4.3.7, localities must comply with annual fiscal audits reported to the state APA. OCS audits of these activities are duplicative and should be eliminated from OCS audits. | <ul style="list-style-type: none"> b. The proposed policy has been revised to reflect aspects of the comment. c. Examples given in Section 4.7.4.1.B.6 all represent either a misuse of CSA state pool funds when other funding sources were available or the requirements specified in the policies of a participating agency were not followed in accordance with SEC Policy 4.6. d. The examples and language have been revised for precision in the proposed policy. The intent of this item is to avoid CSA state pool funds being inappropriately utilized in contradiction to the relevant guiding authorities and funding of participating agencies. It only applies in instances where state CSA pool funds have been expended, thus bring such expenditures under the purview of the CSA audit process. e. This example has been removed from this section of the proposed policy. f. Language in the proposed policy has been revised to refer to specific statutory or SEC policy and removed subjective nature in favor of presence/absence of required documentation. g. With regard to other external audit findings (e.g., independent financial audits) being taken into consideration during an OCS audit, OCS is willing to and already does so. However, due to the complexity of the CSA program, few independent financial audits are |
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| | | <p>4. Presents a proposed set of levels in which denial of funds would be reserved for violations of regulations, policies and Code that could jeopardize youth safety and well-being or for when documentation of eligibility for CSA funds was not provided. Currently proposed Level 3 findings not meeting this criterion should be moved to a lower level of institute a threshold of error model. Corrective action rather than denial of funds is the appropriate response to all violations not meeting the suggested definition. For proposed Level 1 finds, provide the CPMT with the opportunity to receive feedback and develop a response would seem appropriate.</p> | <p>familiar with, nor explore in detail, compliance with CSA requirements. The OCS audit is responsible for ensuring accountability for the use of state CSA funds and cannot delegate that to other, external audit processes. The criteria utilized are the Audit Standards promulgated by Virginia Department of Accounts (Agency Risk Management and Internal Control Standards (ARMICS)).</p> <p>4. Error thresholds have been addressed in responses to prior Comments (See Commenter 6, Item 2).</p> |
| <p>10</p> | <p>Mills Jones Goochland County Office of Children’s Services</p> | <p>1. The language of the proposed policy has moved away from a collaborative, quality improvement process to a more punitive process that places localities in increased financial risk.</p> | <p>Thank you for submitting the comments from the Goochland County Office of Children’s Services and the Goochland CPMT on the Proposed Stage of SEC Policy 4.7.</p> <p>1. The proposed policy memorializes existing practice with regard to OCS response to audit findings that have been in place for years. There is no intent to move to a more punitive mode of response to audit findings, but rather to balance statutorily required oversight with a quality improvement oriented process. The policy provides a</p> |

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| | <p>2. Level One findings should not require corrective action. Second instances of a Level One finding should require the locality to submit a corrective action plan. Specific concerns over FAPT and CPMT membership requirements in rural locality such as Goochland and “vague” standard of proof.</p> <p>3. Level Two findings should require corrective action on a first instance, but recovery of state pool funds on a second instance is overly punitive, especially where some examples of noncompliance would be determined by a subjective decision of the auditor. Recommend requiring a corrective action on second instance of noncompliance and withhold funds only if not received.</p> <p>4. Level Three findings should be limited to the most serious errors such as clear violations of regulation or Code or those which could jeopardize children’s safety. Even in such instances, corrective action should be only utilized on subsequent findings of noncompliance even for such violations. Remove “CPMT approval of funding”.</p> | <p>framework for consistency in the response to audit findings.</p> <p>2. Identification of areas of noncompliance, or even for improvement, without requiring some form of corrective action would diminish the quality improvement value of the audit process. Acceptable corrective action for CPMT and FAPT membership requirements may include any evidence of efforts to meet the requirement.</p> <p>3. The proposed policy has been revised in numerous places to remove subjective interpretation. Additionally, localities have any opportunity to discuss (and request modification of) findings with the auditors prior to issuance of the final audit report and have access to the SEC Dispute Resolution process where they disagree with a finding by the auditor or the OCS Executive Director. The SEC has statutory obligations to deny funds where violations of statute, regulation and/or policy are determined.</p> <p>4. The Level Three findings provided in the proposed policy reflect expenditures not authorized by statute, regulation, or policy and are appropriate for denial of funds. The CPMT “approval” section has been revised in the proposed policy to reflect the specific language found in § 2.2-5206 (9) of the <i>Code</i>.</p> |
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| <p>11</p> | <p>Jessica Webb, CSA Coordinator</p> <p>Rosie Jordan CPMT Chair</p> <p>City of Salem</p> | <ol style="list-style-type: none"> 1. The CPMT appreciates the efforts to standardize and objectify OCS responses to audit findings. However, the current proposed policy appears to be punitive rather than collaborative in the approach to ensuring accountability. 2. The proposed policy goes beyond the existing authority contained in the SEC Denial of Funds policy by adding the authority to the OCS Executive Director to suspend pool fund reimbursements which is beyond what the Denial of Funds policy addresses as a response to noncompliance. 3. The examples of noncompliance within each level of the proposed policy should cite the policy or code that is related. 4. Concern that the policy would allow recovery or suspension of funds in the event of “best practice” concerns rather than code requirements. Provides example re: documentation in Level Two and suggestions regarding Level One. 5. Specific concerns over FAPT and CPMT membership requirements. Suspension of funds should only occur if efforts toward compliance are not being made. | <p>Thank you for submitting the comments of the City of Salem’s CSA Program on the Proposed Stage of SEC Policy 4.7.</p> <ol style="list-style-type: none"> 1. The proposed policy memorializes existing practice with regard to OCS response to audit findings that have been in place for years. There is no intent to move to a more punitive vs. quality improvement mode of response to audit findings, but rather to balance the statutorily required oversight with a quality improvement oriented process. The policy provides a framework for consistency in the response to audit findings. 2. The temporary denial of pool funds reimbursements is limited in two ways: it is only applicable to a second (repeated) incidence of the same finding of noncompliance and it is a temporary action. Once the locality corrects the finding, all pool fund reimbursements will be released. 3. The proposed policy has been revised to address this comment. 4. The proposed policy has been revised to clarify/eliminate any instances in which an adverse result regarding finding would occur for what might be considered “best practice” findings as opposed to noncompliance with statute, regulation or policy. Each example of a Level One findings has been “attached” to the specific statute, regulation or policy. 5. Identification of areas of noncompliance, or even for improvement, without requiring some form of corrective action would diminish the quality improvement value of the audit process. Acceptable corrective action for CPMT |
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| | | <p>6. The OCS has a three-year audit plan while localities have requirements for annual fiscal audits. OCS should provide more frequent, focused audits of program expenditures to reduce potential liability for a local government. If audits remain comprehensive, all elements related to program practice should be handled as recommendations and responses to findings under this policy should be constrained to any fiscal findings.</p> <p>7. A table of suggested response to audit findings at each of the three levels is provided.</p> | <p>and FAPT membership requirements may include any evidence of efforts to meet the requirement.</p> <p>6. The OCS audit process is not authorized to limit itself to “fiscal only” findings” All expenditures of state CSA pool funds are subject to various statutory, regulatory or policy requirements and the SEC is obligated to deny funds where noncompliance is identified. Handling findings as recommendations does not fulfill this requirement of the SEC. The OCS is not staffed to conducted more frequent audits on a regular basis. As the CSA program is a collaborative partnership, some responsibility for self-monitoring by the locality is expected.</p> <p>7. It is not clear how the proposed responses differ from those in the currently proposed policy.</p> |
| 12 | <p>Jessica Webb, CSA Coordinator</p> <p>Cheryl Jordan, CPMT Chair</p> <p>Roanoke County</p> | <p>These comments are identical to Commenter 11.</p> | <p>Thank you for submitting the comments of the Roanoke County CSA Program on the Proposed Stage of SEC Policy 4.7.</p> <p>Please see Responses to Commenter 11.</p> |
| 13 | <p>Julie Payne, CSA Coordinator</p> <p>Steven Martin, CPMT Chair</p> <p>City of Roanoke</p> | <p>These comments are essentially identical to Commenter 11.</p> | <p>Thank you for submitting the comments of the City of Roanoke CSA Program on the Proposed Stage of SEC Policy 4.7.</p> <p>Please see Responses to Commenter 11.</p> |