

CHILDREN'S SERVICES ACT

PROGRAM AUDIT

Charles City County

Audit Report No. 20-2018

July 31, 2018



Office of Children's Services

Empowering communities to serve youth

TABLE OF CONTENTS

Executive Summary

Introduction 1

Background 2

Observations and Recommendations

A) Program Activities..... 3-4

B) CPMT Governance 4-7
(Community Policy and Management Team)

Conclusion 8

Report Distribution 9

EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Charles City County Children's Services Act (CSA) program. Charles City CSA program provided services and/or funding to six (6) at-risk youth and families in fiscal year (FY) 2017. The audit included a review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2017, significant achievements for the Charles City CSA program included:

- 50% of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) scores within the school domain and child behavior/emotional needs domains, which is an increase of 16.78% from the Charles City County FY16 rating.
- 83.3% of the youth received community based services out all youth served by Charles City County, exceeding the statewide target by 31.4%.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in compliance and internal controls particularly in reference to governance and operational practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources and compliance with statutory requirements. The following significant issues were identified:

- Charles City County CSA did not properly document a formal agreement between the parent and/or guardian and the local board or the public agency designated by the CPMT to place a child in congregate care.
- Charles City County by-laws and policies governing CPMT and FAPT are not consistent with State statutes, established state CSA policy, and/or best practices, which direct the CPMT to ensure that procedures are established to govern local CSA programs. Specific areas of non-compliance were in emergency placements and/or services, intensive care coordination (ICC), records retention and/or destruction, and parental co-pay policies. This non-compliance observation was identified in the prior audit report dated April 4, 2016.
- Internal controls were not effectively implemented by the CPMT in order to ensure separation of duties pertaining to the referral of services and authorization of CSA pool funds by eligible youth and their families. Specifically, the Charles City County Department of Social Services (DSS) representative for the FAPT also served as the DSS representative for 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

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Charles City County Children's Services Act 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 July 31, 2018 and covered the period April 1, 2017 through March 31, 2018.

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 three (3) months of FY17 and the first nine (9) months of FY18. Audit procedures included reviews of relevant laws, policies, procedures, 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

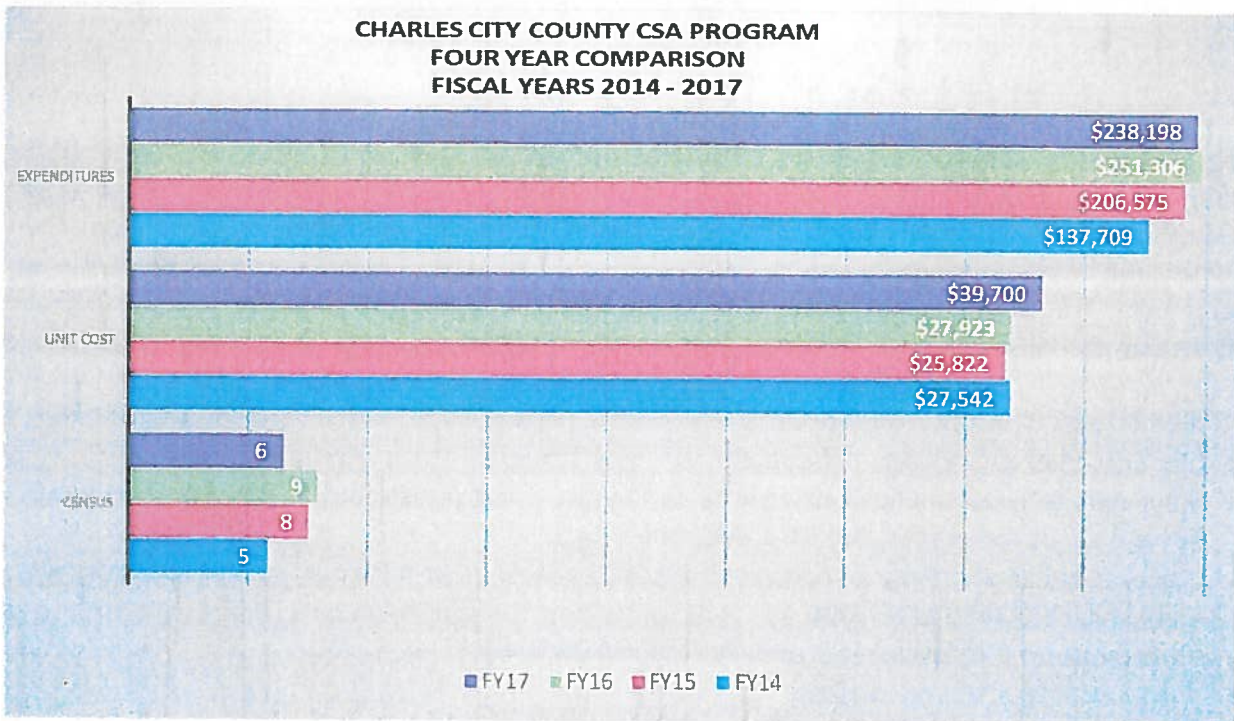
Charles City County named after Charles I of England was founded in 1619. Charles City County located southeast of Richmond, Virginia is the birthplace of two former US Presidents: William Henry Harrison and John Tyler. According to the US Census Bureau Quick Facts, Charles City County estimated population in 2017 was 7,004 and median household income from 2012-2016 was \$54,167.

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, combined with local community funds, are managed by a local interagency team, referred to as the Community Policy and Management Team (CPMT) that plans and oversees services to youth. The CPMT is supported by a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to at-risk children and families and a CSA Coordinator. Expenditure demographics for fiscal 2014 to 2017 are depicted below.

CSA Pool & Census Data by FY for the Charles City County (2014-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
14	5	-3	-38%	\$ 137,709	\$ -92,614	-40%	\$ 27,542	-4%
15	8	3	60%	\$ 206,575	\$ 68,866	50%	\$ 25,822	-6%
16	9	1	13%	\$ 251,306	\$ 44,731	22%	\$ 27,923	8%
17	6	-3	-33%	\$ 238,198	\$ -13,108	-5%	\$ 39,700	42%

Note: Changes recorded for FY 14 are based on difference from fiscal year 2014 to 2013



OBSERVATIONS AND RECOMMENDATIONS

A) PROGRAM ACTIVITIES

Observation #1:

Criteria:

Compliance and Internal Control

When a youth has been determined to be a child in need of services (CHINS) and requires placement outside of the home, a formal agreement between the parent and/or guardian and the local board or the public agency designated by the CPMT is required. In the one eligible case examined, the formal agreement outlining the duties and responsibilities of the parent and the CPMT and the duration of services was completed approximately four (4) months after the initial placement in a residential facility. Below is a timeline of the events:

Chronology of Events	
Date	Description
10/5/2017	An Independent Assessment and Care Coordination Team (IACCT) assessed and recommended residential treatment placement services.
10/27/2017	Charles City County FAPT assessment agreed with the recommendations of the IACCT.
12/15/2017	Charles City County CPMT approved funding of congregate care educational services. Medicaid would fund other residential treatment services.
12/27/2017	Residential treatment services began.
12/28/2017	The Charles City County CPMT documents a formal agreement with the treatment provider.
04/17/2018	A formal parental agreement between Charles City County CSA representatives and the parent/guardian was signed.

Per CSA Policy Manual Section 4.1.1 Children in Need of Services (CHINS) and the CHINS Interagency Guidelines, "When the FAPT, or approved multidisciplinary team, and the legal guardian agree on an out-of-home placement that is the most appropriate and least restrictive service, the local public agency designated by the CPMT and the legal guardian must enter into an agreement. The public agency designated by the CPMT and the legal guardian shall develop an agreement that provides for:

- Family participation in all aspects of assessment, planning and implementation of services;
- Services to be provided as delineated in the individual family services plan;
- Payments to cover the cost of care by the family, their private health insurance, public or private agency resources, and CSA state pool funds;
- Legal guardian applying for Medicaid, FAMIS, and/or other public or private resources if it may assist in funding services;
- Provisions for utilization management of the care provided;
- Provisions for resolving disputes regarding placements; and
- Conditions and method for termination of the agreement."

Recommendations:

In accordance with CSA Policy and the CHINS Interagency Guidelines, the CPMT should ensure that all requirements are met prior to placing a child outside of the home.

Client Comment:

“The formal parent agreement was signed on 4-17-18. The team was unaware that such an agreement was necessary. The team will be adding an IACCT policy and procedures section to its policy manual, including a blank copy of the agreement to ensure this error does not re-occur.”

B) CPMT GOVERNANCE

Observation #2:

Criteria:

Compliance and Internal Control – Repeat Observation

Written by-laws and policies pertaining to CPMT and FAPT activities are not consistent with State statutes, established state CSA policy, and/or best practices, which direct the CPMT to ensure that procedures are established to govern local CSA programs. The following are opportunities for improvement:

1. By-laws and policies were last updated 4/21/16, but do not reflect current local CSA practices. For example,
 - Current policy states that the Charles City County Department of Social Services will serve as the fiscal agent for the CPMT. Effective July 1, 2017, the administration of CSA including the fiscal agent, moved to the Charles City County Public Schools.
 - By-laws Article III Membership, Item A does not align with the Code of Virginia (COV) regarding minimum membership requirements. The existing language in the bylaws excludes an elected and/or appointed official or designee and a parent representative. It is noted that these members are present on the CPMT.
 - By-Laws Article III, Item F outlines expectations for CPMT attendance at meetings, which states “Any member of the CPMT who fails to send a designee to at least 75% (9 meetings) of regularly scheduled CPMT meetings within any calendar year may be reported to the local Appointing authority.” Charles City CPMT meets quarterly (4 times a year) rather than monthly.
2. The policy manual has not been updated to include policies governing: Intensive Care Coordination High Fidelity Wraparound (ICC-HFW), records retention and destruction and parent co-pays. There is a CSA parental co-payment screening form, but it is not included in the policy and procedures. (Repeat observation from prior audit.)

3. The current utilization review (UR) policy does not explicitly state how often cases are reviewed. It is the practice of the Charles City County CSA office to review all cases every three months. However; the FAPT bylaws state the following:
 - “Foster Care placement will be reviewed as designated by CANS Assessment not to exceed six months;
 - Threat of or actually disrupted placements or premature termination of service delivery will be as soon as possible;
 - If the need for services is anticipated to go beyond the length of time that originally approved, the case must be reviewed and forwarded to the CPMT in the same manner as the original request.
 - Any case where significant deterioration occurs in spite of the delivery of services should be reviewed by FAPT in a timely manner.” (Repeat observation from prior audit.)
4. The emergency placement/service policy contradicts the COV. Current policy states that the Charles City County Social Services Director or designee shall authorize purchases from the state pool fund for emergency shelter services for children for up to 30 days. Such actions shall be reported by the referring agency to the Chairman of the CPMT within three working days for review. The COV requires that emergency placement/services are assessed by FAPT within 14 days of placement. (Repeat observation from prior audit.)

Non-compliance observations referenced in this report were also identified in the previous audit report dated April 4, 2016. Charles City County CPMT submitted a quality improvement plan (QIP) to address non-compliance and internal control weaknesses indicating the latest target dates for completion as June 2017. As of the date of this report, there is no evidence of completion of these tasks. The purpose of a QIP is to ensure management takes appropriate action to resolve deficiencies in a timely manner. The CPMT, as the governing body, is responsible for on-going monitoring of the quality improvement plan to ensure implementation of the plan and the actions taken are working as intended.

Recommendations:

- The CPMT should update the QIP and monitor the status of timely completion of tasks addressing each non-compliance and control weakness identified.
- The CPMT should review and revise local CPMT and FAPT bylaws and policy/procedure manuals to ensure: (a) current policy reflects actual practices of the local CSA program administration (b) current policies align with current CSA statutes and policies adopted by the State Executive Council for Children's Services (SEC), and (c) policies governing intensive care coordination, records management, and parental copayments are established. In addition, the CPMT should adopt a policy that will address the frequency of review of current policies.

Client Comment:

“The team will be meeting in August 2018 to develop a QIP and to significantly revise the CPMT and FAPT bylaws to ensure policy alignment and accuracy.”

Observation #3:

Criteria:

Compliance and Internal Control

Internal controls were not effectively implemented by the CPMT to ensure separation of duties pertaining to the referral of services and authorization of CSA pool funds by eligible youth and their families. The DSS representative for the FAPT also served as the DSS representative for CPMT. The DSS representative participates in both the service planning activities and the authorization of expenditures. While the majority of the Charles City County caseload are Special Education Private–Day placements where the FAPT defers to the Individualized Education Program (IEP) team’s recommendation, a residential placement was assessed by FAPT and funding was authorized by the CPMT in FY18. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are reduced based on the increased opportunity for a single individual to engage in the service planning activities and funding authorization.

Recommendations:

The CPMT should ensure members participating in the service planning activities should abstain from voting in the authorization of funding. Best practice dictates that CPMT should designate different individuals to serve as representatives of FAPT and CPMT.

Client Comment:

“This area has already been addressed. There are no longer any individuals serving on both CPMT and FAPT. This directive will be added to the new by-laws as well.”

Observation #4:

Criteria:

Internal Control

The practice of the Charles City County CSA program is to review cases every three months, including special education cases for which an Individualized Education Program (IEP) Team develops and monitors plans pertaining to educational services. Charles City County FAPT requires all families to attend quarterly FAPT meetings. Requiring families to participate in FAPT meetings when non-educational services are not assessed and recommended and IFSPs duplicate services stated in the IEP can appear burdensome to parents. The family engagement policy adopted by the SEC directs CPMTs to develop local policies for FAPTs/MDTs that ensure consistent, efficient, and effective CSA services to children and their families. CPMTs are directed to streamline local practices to eliminate redundancy or duplicative processes across child-serving

agencies to promote family engagement. The case review process currently practiced by Charles City County FAPT stands in contradiction to the intent of the family engagement model and policy.

Recommendations:

The CPMT should reconsider the requirement of having parents attend FAPT meetings quarterly when non-educational services typically documented in an IFSP are not being assessed and recommended.

Client Comment:

“This has been an area of concern for CPMT for some time and this guidance from CSA will allow us to move forward in making policy changes. The revised FAPT by-laws will reflect a change from this current practice that is more in line with family engagement.”

CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Charles City County CSA program, particularly in reference to governance and operational practices. Conditions were identified that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on Wednesday June 27, 2018, to present the audit results to the Charles City County CPMT. Persons in attendance representing the Charles City County CPMT were as follows:

Heather Kennedy, CPMT Chair
Bruce Call, Court Service Unit
Elizabeth Holt, Social Services
Regina Harris, Board of Supervisor Representative
Michelle Johnson, County Administrator
Achsa Fisher-Nuckols, Parent Representative
Abbey Pemberton, Director of Finance
Stephanie Leek, CSA Coordinator

Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Charles City County CPMT and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Heather Kennedy, CPMT Chair

Michelle Johnson, Charles City
County Administrator

Sue Salg, CPMT Fiscal Agent

Stephanie Leek, CSA Coordinator

SEC Finance and Audit Committee