

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

***Henry/Martinsville***

***Audit Report No. 17-2018***

***June 1, 2018***



**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 Henry/Martinsville Children's Services Act (CSA) Program. The Henry/Martinsville CSA Program provided services and/or funding for approximately sixty-five (65) 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, a significant achievement for Henry/Martinsville and the CSA Program was that the percentage of family-based foster care placements surpassed the statewide target of eighty-five percent (85%) by eleven percent (11%) for the FY 2017.

However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there was an internal control deficiency that may affect the evaluation of the overall effectiveness of the local CSA Program. Utilization Management (UM) activities documented by the Community Policy & Management Team (CPMT) for Henry/Martinsville do not incorporate data elements that are sufficient and meaningful in monitoring accountability and assessment of the CSA Program's effectiveness and processes toward the achievement of its goals and objectives.

OCS appreciates the cooperation and assistance provided on behalf of the Henry/Martinsville CPMT and other CSA staff. Formal responses from the Henry/Martinsville 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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Rendell R. Briggs, CAMS  
Program Auditor

## INTRODUCTION

The Office Children's Services (OCS) has completed a financial/compliance audit of the Henry/Martinsville 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 May 31, 2018 and covered the period March 1, 2017 through February 28, 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 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 assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Henry/Martinsville CPMT. The CSA program audit self-assessment validation was completed February 21, 2017 indicating concurrence with the conclusions reported by the Henry/Martinsville CPMT acknowledging the existence of significant non-compliance observations and/or internal control weaknesses in the Henry/Martinsville CSA Program.

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

Henry County was established in 1777 from Pittsylvania County. The new county was initially named Patrick Henry County in honor of Patrick Henry, who was serving as the first Governor of Virginia. In 1790, Patrick Henry County was split, the western part became Patrick County and the rest remained Henry County. Martinsville is an independent city. It is the county seat of Henry County, although the two are separate jurisdictions.

The respective localities are located in the central southern border of the Commonwealth of Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Henry County's estimated population was 54,445; and Martinsville's established population was 13,445 as of July 1, 2016. The U.S. Census Bureau, State and County Quick Facts reports the average median household income from 2012-2016 for each locality combined was \$34,237.

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 local interagency teams, referred to as the Community Policy and Management Team (CPMT) who plan and oversee services to youth. The Henry/Martinsville CPMT 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. Administrative services are managed through the local CSA office staffed by a full-time CSA Coordinator. Expenditure and demographics for fiscal years 2014 to 2017 are depicted below:

### CSA Pool & Census Data by Fiscal Year for Henry County (2014-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2014	93	10	12	745,325	38,987	6	8,014	-6
2015	128	35	38	776,393	31,068	4	6,066	-24
2016	59	-69	-54	466,643	-309,750	-40	7,909	30
2017	65	6	10	597,462	130,820	28	9,192	16

Note: Changes recorded for FY 2014 are based on differences from fiscal year 2013 to 2014.

### CSA Pool & Census Data by Fiscal Year for Martinsville (2014-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2014	27	6	29	142,774	-78,155	-35	5,288	-50
2015	18	-9	-33	165,877	23,103	16	9,215	74
2016	8	-10	-56	252,876	86,999	52	31,609	243
2017	10	2	25	308,734	55,858	22	30,873	-2

Note: Changes recorded for FY 2014 are based on differences from fiscal year 2013 to 2014.

**CSA Pool & Census Data by Fiscal Year for Henry County (2014-2017)**

<b>FY</b>	<b>Pool Expenditures</b>	
2014		\$745,325
2015		\$776,393
2016		\$466,643
2017		\$597,462

<b>FY</b>	<b>Census</b>	
2014		93
2015		128
2016		59
2017		65

<b>FY</b>	<b>Unit Cost</b>	
2014		\$8.014
2015		\$6.066
2016		\$7.909
2017		\$9,192

**CSA Pool & Census Data by Fiscal Year for Martinsville (2014-2017)**

<b>FY</b>	<b>Pool Expenditures</b>	
2014		\$142,774
2015		\$165,877
2016		\$252,876
2017		\$308,734

<b>FY</b>	<b>Census</b>	
2014		27
2015		18
2016		8
2017		10

<b>FY</b>	<b>Unit Cost</b>	
2014		\$5,288
2015		\$9,215
2016		\$31,609
2017		\$30,873



## OBSERVATIONS AND RECOMMENDATIONS

### GOVERNANCE ACTIVITIES

Observation #1

Criteria

Internal Control – Repeat Observation

The Henry/Martinsville CPMT has set forth strategic standards, goals, and objectives for all of its CSA stakeholders and a formal process of documenting Utilization Management (UM) activities. The Henry/Martinsville CPMT does not incorporate aggregate-level data elements that are sufficient and meaningful in monitoring accountability and assessment of the CSA program's effectiveness and processes toward the achievement of its goals and objectives. The following opportunities for improvement were identified.

- Documented plans did not include strategic objectives, milestones and/or benchmarks that illustrate percentage of change within specific time-periods and specific strategies to aid in evaluating the effectiveness and accountability of the local CSA Program.
- Reports provided were absent of aggregated local and statewide data provided from OCS 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. Currently the reports that are reviewed have been at the child-specific level. While the quarterly utilization reports presented to the CPMT include child counts, service placement types, and expenditures, they do not address in aggregate duration of services and evaluation of performance measures.
- Program oversight by the CPMT has not included a review and/or assessment of specific reports that summarize in aggregate program outcomes for 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, relative's homes, family-like setting, or their community. Current utilization reports discussed at the CPMT reflect child specific information not aggregate level reporting on progress or effectiveness of services provided in correlation with funds expended.

The non-compliance observation referenced in this report was also identified in the prior audit report issued February 21, 2017. The Henry/Martinsville CPMT submitted a Quality Improvement Plan (QIP) with May 2017 as the target date of completion. The CPMT, as the governing body, is responsible for on-going monitoring of the QIP to ensure timely implementation of the plan and the actions taken are continuously working as intended. The CPMT has taken steps to improve utilization management activities as cited in the QIP submitted. However, greater enhancements are needed to ensure that the process is functioning as intended and provides relevant, useful information to ensure informed decision making.

## Recommendation

- The Henry/Martinsville CPMT should immediately initiate a periodic review of OCS financial and performance reports containing aggregated data available on the CSA website in the tab labeled “Statistics and Publications” to include, but not limited to:
  - **CSA Performance Measures for FY 2016 and FY 2017** (web link)
  - **CSA Pool Expenditure Reports** (web link)
  - **CSA Utilization Reports** (web link)
  - **OCS Reports to the General Assembly**  
(Web link <http://www.ocs.csa.virginia.gov/publicstats/index.cfm> )
- The CPMT should incorporate specific metrics that provide a framework for monitoring and evaluating the achievement of established objectives. The recorded minutes of the CPMT meeting should reflect a summary of CPMT’s discussions and actions to be taken, if any. A copy of reports reviewed should be retained with the minutes.

## Client Comment

“Henry/Martinsville CPMT concurs with the above findings. CPMT Chair and CSA Coordinator will coordinate a strategic planning meeting with CPMT and FAPT members in the fall of 2018 to develop a plan that includes the effectiveness and accountability of the local CSA program with measurable outcomes and performance measures. The meeting will be scheduled in the fall due to the current vacancy of the CSA Coordinator’s position and needing time to train the new coordinator. The CSA utilization reports will be utilized when reporting the quarterly Utilization Management report to CPMT. The discussion of the UM Report will be recorded in the CPMT minutes.”



## CONCLUSION

Our audit concluded that there was a deficiency in internal controls pertaining to utilization management activities of the Henry/Martinsville CSA Program. An exit conference was conducted via conference call on May 31, 2018 to present the audit results to the Henry/Martinsville CPMT. Persons in attendance representing Henry/Martinsville CPMT were Ms. Debra St. John, Henry/Martinsville CPMT Chair/Department of Juvenile Justice; and Ms. April Evans, CSA Coordinator/Department of Social Services-Henry/Martinsville.

Representing the Office of Children's Services was: Rendell R. Briggs, Program Auditor. We would like to thank the Henry/Martinsville CPMT and related CSA staff for their cooperation and assistance on this audit.

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services  
Tim Hall, Henry County Administrator  
Leon E. Towarnicki, Martinsville City Manager  
Debra St. John, CPMT Chair  
April Evans, CSA Coordinator  
SEC Finance and Audit Committee