

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

***Lancaster County***

***Audit Report No. 03-2021***

**August 31, 2022**



**Office of Children's Services**  
Empowering communities to serve youth

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## EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Lancaster County Children's Services Act (CSA) program. The Lancaster County CSA program provided services and/or funding for approximately 19 youth and families in fiscal year 2021 (FY21) and 20 in FY22. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported for fiscal year 2021, significant achievements for the Lancaster County CSA program were as follows:

- The Child and Adolescent Needs and Strengths Assessment (CANS) school domain decreased for 100% of youth served. This achievement was 39.9% above the state average and represented a 44.4 % increase from FY20 to FY21. Decreases in CANS scores are indicative of improved functioning.
- The CANS strengths domain decreased for 100% of youth served, which was 46.5% above state average and a 50% increase from FY20 to FY21.
- The established target (75%) for Intensive Care Coordination (ICC) was exceeded by 25%, and 43.5% higher than reported statewide utilization. ICC is an evidence informed service defined by the State Executive Council (SEC) as appropriate for children who are at risk of entering, or who are placed in residential care.
- Eighty-four percent (84.2%) of the youth and families received community-based services, on par with the statewide average.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were major deficiencies<sup>1</sup> in compliance and internal controls particularly in reference to fiscal, governance, and operational practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources, as well as compliance with statutory requirements. Additionally, some observations were also identified in the prior audit report dated September 29, 2017 (repeat observations). The following significant issues were identified:

- Five (5) case files were examined to confirm that required documentation was maintained in support of and to validate FAPT service planning recommendations and CPMT funding decisions. At least one (1) exception was noted in three (3) each of the client files reviewed, to include significant exceptions such as:
  - Funding services not documented in an approved individualized family services plan (IFSP) or otherwise documented in accordance with Virginia Department of Social Services (VDSS) foster care policies governing supplemental clothing allowances. Lancaster County was reimbursed \$156.10 (state share) in fiscal year 2021 for expenditures incurred that did not meet compliance requirements.
  - Insufficient documentation to confirm compliance with Code of Virginia 2.2-5207 and 2.2-5210, such as consent to exchange information forms and parental contribution assessments. Prior audit report dated September 29, 2017 included similar observations.
- CSA Policy 4.5.2 Pool Fund Reimbursement requires localities to report at least quarterly all CSA eligible expenditures and applicable refunds in accordance with appropriate expenditure-reporting categories and refund classification. A review of the Local Expenditure Data Reporting System (LEDRS) Refund reports indicates that Lancaster County has not reported any child support enforcement recoveries or refunds reclaimed under title IV-E in FY 2021-2022. Prior audit report dated September 29, 2017 included similar observations.

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<sup>1</sup> Major deficiency is defined as an internal control deficiency or combination of deficiencies that severely reduces the likelihood that the entity can achieve its' objectives." Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, May 2013.

- The Statement of Economic Interest (SOEI) form was not completed by a non-public member (parent representative) on the Community Policy and Management Team (CPMT) as required by Code of Virginia (COV) § 2.2-5205. Prior audit report dated September 29, 2017 included similar observations.
- The CPMT has not adequately ensured that corrective actions addressing prior audit observations have been implemented timely and functioning as intended. Observations similar to those identified in this report were included in a prior audit report issued September 29, 2017. A quality improvement plan was submitted after the prior engagement, with the most recent target date for completion established as June 30, 2017. The CPMT, as the governing body, is responsible for ongoing monitoring to ensure timely implementation and the actions taken are continuously working as intended.

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 Attachment A of this report.

  
Stephanie S. Bacote, CIA  
Program Audit Manager

## INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Lancaster 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 August 31, 2022 and covered the period September 1, 2020 through August 31, 2021.

The objectives of the audit were to:

- Determine whether adequate internal controls have been established and implemented over CSA expenditures.
- Determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- 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.
- 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.
- Assess the implementation of quality improvements addressing prior audit observations reported by OCS in the final report dated September 29, 2017.

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

The Lancaster County, located in Virginia’s Northern Neck, was chartered by the Virginia General Assembly in 1651. The county lies in Virginia's coastal plain, bounded on the east by the Chesapeake Bay and to the south and west by the Rappahannock River. According to the U.S. Census Bureau, State and County Quick Facts, the population as of July 1, 2021 was 10,928 and the median household income from 2016-2020 was \$59,736.

The Children’s Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for 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), which plans and oversees services to youth. The Lancaster County CPMT has established a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to eligible children and families. The CPMT is supported administratively by a CSA Coordinator. Expenditure demographics for fiscal years 2018 to 2022 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard  
(Web link: [COLDashboard](#))

### At-A-Glance

<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
21	20	23	19	20
Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count
<b>0.6M</b>	<b>0.8M</b>	<b>1.0M</b>	<b>0.9M</b>	<b>0.6M</b>
Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditures
<b>0.7M</b>	<b>0.7M</b>	<b>1.0M</b>	<b>0.8M</b>	<b>0.6M</b>
Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures
<b>\$31,648</b>	<b>\$37,129</b>	<b>\$41,545</b>	<b>\$44,241</b>	<b>\$28,742</b>
Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure
<b>0.4391</b>	<b>0.4391</b>	<b>0.4391</b>	<b>0.4391</b>	<b>0.4391</b>
Base Match Rates	Base Match Rates	Base Match Rates	Base Match Rate	Base Match Rate
<b>0.4585</b>	<b>0.4464</b>	<b>0.4588</b>	<b>0.4331</b>	<b>0.4226</b>
Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate

Data is updated through 06/16/2022

**MAJOR DEFICIENCIES  
OBSERVATIONS AND RECOMMENDATIONS**

**A) PROGRAM AND FISCAL ACTIVITIES**

**Observation #1:**

**Criteria: Compliance and Internal Control – Repeat Observation**

Five (5) client case files were examined to confirm that required documentation was maintained in support of and to validate Family Assessment and Planning Team (FAPT) service planning recommendations and Community Policy and Management Team (CPMT) funding decisions. At least one (1) exception was noted in three (3) of the client files reviewed. The results of that review indicate improvement is needed in the documentation of service planning and funding decisions. Lancaster County CSA was reimbursed \$156.10 (state share) in fiscal years 2021-2022 for expenditures incurred that did not meet compliance requirements. Exceptions noted in Tables A and B below are deemed significant, as they are critical to evidencing the appropriateness of services and compliance with CSA funding requirements.

<b>Table A Client File Review Exceptions – Fiscal Impact</b>					
Rate		Exception Description (Code)			
20% (1/5)		1. Service Plans: Services funded were not documented in an IFSP provided for verification or otherwise documented in accordance with Virginia Department of Social Services (VDSS) foster care policies governing supplemental clothing allowances. (COV <a href="#">§ 2.2-5208</a> , CSA Policy Manual Section 3.5, Records Management, and VDSS Foster Care Manual Section 18.3 Paying Supplemental Clothing Allowance)			
Code	Client	Service Description	Period	Total Cost	State Share
1	C	Foster Care – Supplemental Clothing	Feb 2021 - Apr 2021	\$200.00	\$156.10
<b>Reimbursement Due to CSA</b>				<b>\$200.00</b>	<b>\$156.10</b>

<b>Table B Client File Review Exceptions – No Fiscal Impact</b>		
Rate	Client	Description (Code)
20% (1/5)	E	2. Parental contribution (copay) assessments were not evidenced. <b>Repeat Observation</b> (COV <a href="#">§ 2.2-5206</a> and <a href="#">§ 2.2-5208</a> )
40% (2/5)	B and C	3. Consent to exchange information forms were not evidenced. <b>Repeat Observation</b> (COV <a href="#">§ 2.2-5210</a> and CSA Policy Manual Section 3.5, Records Management)

Similar observations were reported in prior audits of the Lancaster County CSA Program dated September 29, 2017. A quality improvement plan was submitted with a target date of June 30, 2017 to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

**Recommendations:**

1. Prior to service planning and funding authorization, the FAPT, CPMT, and the CSA Coordinator should ensure minimum documentation requirements are met and relevant documents are maintained in individual client case files.
2. Periodic case file reviews should be performed by someone other than the CSA Coordinator to establish quality control of client records and to ensure compliance with CSA statutory requirements.
3. The CPMT should monitor the implementation of all quality improvement plans and ensure the remedial actions taken are functioning as intended.
4. The CPMT should submit a quality improvement plan, for review by the OCS, including whether the CPMT agrees with the observations regarding questioned costs. Upon review and recommendations presented by OCS staff, the CPMT will be notified of the final determination made by the Executive Director of whether the identified actions are acceptable or any additional actions that may be required.

**Client Comment:**

See Attachment A

**Observation #2:**

**Criteria:** Compliance and Internal Control – Repeat Observation

Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool-funded services and/or to meet the needs of the children and families. CSA Policy 4.5.2 Pool Fund Reimbursement requires localities to report at least quarterly all CSA eligible expenditures and applicable refunds in accordance with appropriate expenditure-reporting categories and refund classification. A review of the Local Expenditure Data Reporting System (LEDRS) Refund reports indicate that Lancaster County has not reported any child support enforcement recoveries or funds reclaimed from IV-E in FY 2021-2022. However, CSA demographic data collected reports ten (10) foster care clients were funded by CSA in FY 2021 and five (5) in FY 2022.

**EXHIBIT 1  
LEDRS Refund Reports for FY 2021—2022**

<https://www.csa.virginia.gov/OCSPoolReports/PoolReports/RefundReport>

FY	FIPS	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed Under IV- E	Other	Total
22	103	Lancaster	\$0.	\$0	\$4,456.00	\$0	\$0	\$0	\$4,456.00
21	103	Lancaster	\$0	\$29.00	\$21,510.02	\$0	\$0	\$0	\$21,539.02



**EXHIBIT 2**  
**CONTINUOUS QUALITY IMPROVEMENT (CQI) DASHBOARD**  
<https://www.csa.virginia.gov/Resources/ContinuousQualityImprovement>



- Finance
- Demographics/Utilization
- Outcome Measures
- Home

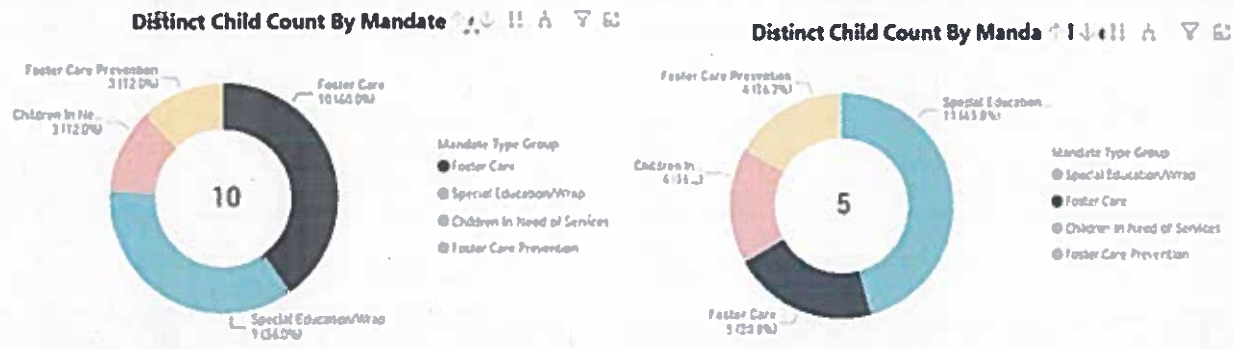
Lancaster County

**Fiscal Year**

2021

**Fiscal Year**

2022



Similar observations were reported in prior audits of the Lancaster County CSA Program dated September 29, 2017. A quality improvement plan was submitted with a target date of June 30, 2017 to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

**Recommendations:**

In accordance with SEC Policy 4.5.2, the CPMT should determine if there were any:

- child support collections for the current and previous fiscal years
- reclaimed title IV-E expenditures for FY 2020, and
- report the refunds in LEDRS with their next pool reimbursement.

**Client Comment:**

See Attachment A

**B) CPMT GOVERNANCE**

**Observation #3:**

**Criteria:** Compliance and Internal Control – Repeat Observation

Internal controls established by CSA statutes were not effectively implemented by the Community Policy and Management Team (CPMT) in order to safeguard against potential conflicts of interest in

the referral for services and approval of CSA pool funds for eligible youth and their families. A non-public member serving on CPMT (parent representative) did not complete the statement of economic interest (SOEI) form in accordance with the requirements set forth in COV§2.2-5205. OCS Administrative Memo #18-02 dated January 16, 2018 provided guidance to local CSA programs regarding filing requirements. The guidance states that upon appointment non-public members must complete the “long” form as prescribed in COV §2.2-3117. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are reduced based on the increased opportunity for individuals to not disclose all personal and financial interest.

Similar observations were reported in the prior audits of the Lancaster County CSA Program dated September 29, 2017. A quality improvement plan was submitted with a target date of June 30, 2017 to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring to ensure timely implementation of the plan and the actions taken are continuously working as intended.

**Recommendations:**

1. The CPMT should ensure all parties not representing a public agency and currently serving roles on CPMT and FAPT complete the SOEI forms immediately. Thereafter, newly appointed non-public officials should complete the SOEI forms upon appointment. The CSA office should ensure that filings are maintained in accordance with the Administrative Memo 18-02 dated January 16, 2018.
2. The CPMT should monitor implementation of all quality improvement plans and ensure the remedial actions taken are functioning as intended.

**Client Comment:**

See Attachment A

**OTHER DEFICIENCIES  
OBSERVATIONS AND RECOMMENDATIONS**

**C) CPMT GOVERNANCE**

**Observation #4:**

<b>Criteria:</b>	<b>Internal Control</b>
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Lancaster County CSA Policy/Procedures manual was updated in October 2019. Upon review, opportunities exist to update and provide clarifications to further ensure alignment with existing CSA statutes and policies adopted by the State Executive Council for Children’s Services (SEC). A summary of significant exceptions is listed below:

1. **Duties of CPMT.** CPMT Bylaws, Article IV-Powers and Duties, included in the local policy manual, excludes key duties and responsibilities of CPMT that are cited in COV 2.2-5205. The duties include:
  - o Establish policies to assess the ability of parents or legal guardians to contribute financially;

- o Collect and provide uniform data to the Council as requested by OCS;
  - o Review and analyze data in management reports to help evaluate child/family outcomes and public/private provider performance;
  - o Submit to DBHDS information on children for whom admission to acute psychiatric or residential was sought but not obtained;
  - o Establish policies for providing Intensive Care Coordination (ICC) services; and
  - o Establish policies and procedures for appeals by youth and families of decisions made by FAPT.
2. **Abstention.** CPMT Bylaws, Article III-Membership state *"If said parent representative represents a private organization or association of providers for children's or family services, she/she shall abstain from decision-making involving cases or agencies in which they have either a personal interest, as defined in Code 2.2-3101 of the State and Local Government Conflict of Interests Act, or a fiduciary interest."* However, the abstain criteria applies to all non-public officials of both CPMT and FAPT.
  3. **FAPT Exemptions.** Local policy manual Section 1.E.2 Fiscal identifies the Family Partnership Facilitator as a service exempt from the FAPT referral process. COV 2.2-5209 limits exemptions from FAPT or other approved multi-disciplinary team referral to foster care maintenance only expenses. A Family Partnership Facilitator is a client-specific purchased service and thus requires FAPT or MDT assessment.
  4. **Purchase of Services and the Service Fee Directory.** Local policy manual Section 1.G Approved Vendors states *"Only approved vendors listed on the CSA Service Fee Directory may be considered for placement and services."* This policy may potentially impede timely access to services, where new vendors have been identified to meet the unique needs of children/families.

**Recommendations:**

The CPMT should review and revise policies and procedures manuals ensuring they align with the COV, CSA Policy Manual, and all other relevant partnering agency manuals. In addition, policy and procedures should reflect the actual practices of the program.

**Client Comment:**

See Attachment A

## **CONCLUSION**

Our audit concluded that there were major deficiencies in compliance and internal controls over the Lancaster County CSA program, particularly in reference to operational and governance practices and fiscal activities. Conditions were identified pertaining to programmatic/statutory compliance, operating, and fiscal practices of the locally administered program that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on August 4, 2022, to present the audit results to the Lancaster County CPMT. Persons in attendance representing the Lancaster County CPMT were as follows:

Don G. Gill, Lancaster County Administrator/CPMT Fiscal Agent  
Thomas Tomlin, 15<sup>th</sup> District Court Service Unit/CPMT Chair  
Edna Davenport, Lancaster Department of Social Services  
Emily Eanes, Middle Peninsula-Northern Neck Community Services Board  
Francine Gaskins, Three Rivers Health District  
Linda Coye, Parent Representative  
Lindsay Sokol, Lancaster County Public Schools  
Brandon Self, CSA Coordinator

Representing the Office of Children's Services was Stephanie Bacote, Program Audit Manager

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

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services

Don G. Gill, Lancaster County Administrator  
and CPMT Fiscal Agent

Thomas Tomlin, CPMT Chair

Brandon Self, CSA Coordinator

**ATTACHMENT A – CLIENT COMMENTS**  
**(Page 1 of 3)**

Lancaster County CSA Audit Letter



Self, Brandon <brandon.self@dss.virginia.gov>  
to me, Francine, Edna, Tommy, Dawn

Aug 31, 2022, 9:56 AM

You are reading a secure message, protected by Virtru Identity Verified 

No expiration date

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Goodmorning,  
Attached is the CSA Audit Letter with the final comments

—  
**Brandon B. Self**  
**Family Services Specialist I**  
**Lancaster DSS**  
**PO Box 308**  
**Lancaster, VA 22503**  
**[\(804\) 462-5141](tel:8044625141)**

Secured by Virtru

1 SECURED ATTACHMENT

CSA Audit Letter ... .tdf  
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**ATTACHMENT A – CLIENT COMMENTS**  
**(Page 2 of 3)**



*Lancaster County*  
*Department of Social Services*

August 31, 2022

Office of Children's Services  
Mrs. Stephanie Bacote, Program Audit Manager  
1604 Santa Rosa Road Suite 137  
Richmond, Virginia 23229

Dear Mrs. Bacote:

In response to the Audit review conducted with Lancaster County Community Policy and Management Team and the Children's Services Act Coordinator August 4, 2022 regarding the 2020-2021 CSA Program Audit Preliminary Observations, the following information is being provided in response to the Fiscal Oversight/Monitoring-Client Level Reviews;

1. Ineligible Expense
  - a. Title IV-E eligible expense (Clothing), (Attachment A)
2. Copay assessment was not provided for verification. Client : [REDACTED] (N/A)
3. Missing consent to exchange information. Client: [REDACTED] (N/A)

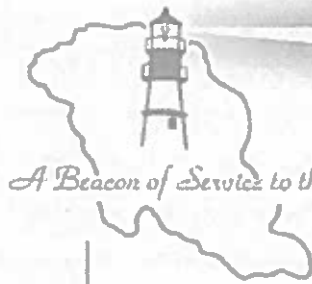
In response to the Audit review conducted with Lancaster County Community Policy and Management Team and the Children's Services Act Coordinator on August 4, 2022 regarding the 2020- 2021 CSA Program Audit Preliminary Observations, CPMT Oversight/Monitoring, the noted Verbal Controls and Report Compliances will be addressed at the next FAPT and CPMT meetings. Thank you for your assistance and we will be implementing the Audit recommendations.

Sincerely,

Brandon B. Self  
Family Services Specialist I

*P. O. Box 308, Lancaster, Va. 22503*  
*Telephone: 804/ 462-5141 Fax: 804/ 462-0330*

**ATTACHMENT A – CLIENT COMMENTS**  
**(Page 3 of 3)**



*A Beacon of Service to the Community*

*Lancaster County*  
*Department of Social Services*

**ATTACHMENTS-LANCASTER COUNTY CSA**

**Attachment A:**



Code  
2a.Maintenance Cl

*P. O. Box 308, Lancaster, Va. 22503*  
*Telephone: 804/ 462-5141 Fax: 804/ 462-0330*



**ATTACHMENT B**  
**Auditor Response to Client Comments**

RE: Audit Observation #1

The preliminary draft report presented during the exit conference on August 4, 2022 included the following exception:

2. **Ineligible Expense/Alternate Funding Source:**
  - a. **Alternate Funding Source. CSA funded foster care maintenance for a title IV-E eligible client. Repeat Observation**

Attachment A of the Client Comments consisted of documentation indicating that the IV-E clothing allowance had already been exhausted when the expense occurred. Per Virginia Department of Social Services (VDSS) Policy 18.3, Paying Supplemental Clothing, the supplemental clothing allowance shall not exceed the designated rate, regardless if the amount was paid for by title IV-E, CSA or a combination of the two. The policy allows for an additional supplemental clothing allowance if the child outgrows clothing or clothing is lost or destroyed, provided the required protocols are met and evidenced in writing: documentation of emergency need, approval by appropriately designated officials, and followed by the usual FAPT process (where local CPMT policies do not exempt maintenance cost from FAPT review). Lack of documentation for the approval will be considered a fiscal error and local money shall be used.

The audit observation was restated to address the absence of a FAPT reviewed service plan or other documentation that meets the criteria described in VDSS policy. The change specifically referencing a FAPT reviewed service plan was communicated to local representatives in writing on August 30, 2022 and by phone August 31, 2022 prior to receiving the formal comments. At this time, Lancaster CSA representatives have not provided sufficient documentation to demonstrate that all the required protocols were met. Based on these conditions, use of CSA funds for expenses over and above the supplemental clothing allowance for the year was identified as a questioned cost.