



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

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

March 27, 2017

Mr. Ken Taylor, CPMT Chair
Lee County CSA Program
43 Champions Avenue
Big Stone Gap, VA 24219

RE: Lee County Children's Services Act (CSA) Program
Audit Self-Assessment Validation, File No. 43-2015

Dear Mr. Taylor,

In accordance with the Office of Children's Service's (OCS) Audit Plan for Fiscal Years 2013-2015, the Lee County Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local CSA Program. An on-site visit was scheduled and conducted by OCS Program Auditors on June 20, 2016 to perform the independent validation phase of the process.

Based on the review and examination of the self-assessment workbook and supporting documentation provided by the Lee County CSA program, our independent validation:

Concur Partially Concur Does Not Concur

with the conclusion reported by the Lee County CPMT that no significant internal observations of non-compliance or internal control weaknesses were identified in the design or operation of the processes or services conducted on behalf of Lee County CSA. The explanation for our assessment results are as follows:

The Lee County CPMT concluded that there were only non-significant compliance and/or internal control weakness observations noted. However, validation procedures of the locally prepared CSA Self-Assessment Workbook identified major deficiencies¹ indicating non-compliance and internal control weaknesses in the local CSA program. Non-compliance with the statutory requirements of CSA is considered significant because the local program is not operating fully in accordance with the laws of the Commonwealth. An adequate system of internal controls is contingent upon consistent and proper application of established policies and procedures affecting CSA funded activities, as well as

¹ 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.

monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure are considered significant. Specifics pertaining to the Lee County CSA Program are detailed on below:

SIGNIFICANT NON-COMPLIANCE OBSERVATIONS
1. The composition of the CPMT did not include a parent representative as required by the Children's Services Act (CSA). The absence of the parent representative impedes the intent of CSA to create a collaborative system of services and funding that includes both representatives of public agencies and the community. Criteria: Code of Virginia (COV) §2.2-5200, COV§2.2-5205, COV§2.2-5207
2. The CPMT has not established and documented a policy governing the provision of Intensive Care Coordination Services. Criteria COV § 2.2-5206 , Item 17
3. Formal performance measures and utilization management practices and procedures to assess overall program effectiveness have not been established. CPMT monthly meeting minutes and accompanying reports did not evidence utilization management/utilization review (UM/UR) activities to include: <ul data-bbox="235 856 1421 1165" style="list-style-type: none">• review of "local and statewide data provided in the 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.• track the utilization and performance of 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, relatives homes, family-like setting, or their community. Criteria: COV§2.2-5206, Items 6 and 13; COV§2.2-5208, Item 9
RECOMMENDATIONS
The Lee County CPMT should take appropriate action to ensure that the non-compliance observations are addressed in the immediate future as follows:
1. The CPMT should ensure that composition of CPMT meets the minimum requirements as established by CSA. The CPMT should document efforts to actively recruit to fill vacancies on the respective teams. 2. The CPMT should establish and document policy and procedures pertaining to the provision of Intensive Care Coordination. 3. The CPMT should establish performance criteria to monitor and analyze overall effectiveness of the local CSA program. In addition the CPMT should adopt policies/procedures to govern utilization management activities. The CPMT could initiate the discussion using the Utilization Management Guidelines published on the CSA website. Lastly, the CPMT should utilize OCS' management reports available on the OCS website.

SIGNIFICANT INTERNAL CONTROL WEAKNESSES

1. Adequate separation of duties for service planning and funding authorization activities are not always practiced by Lee County CSA representatives. Four individuals were identified as participating as members of the both the CPMT and FAPT. A review of CPMT minutes for fiscal years 2014-2015 confirmed that the members did not abstain from voting on funding authorizations where they participated in service planning and recommendations during the course of a FAPT meeting. This practice circumvents the internal control inherent in the Children's Service Act to delineate responsibilities for service planning and funding authorization. Criteria: COV§2.2-5206, Item 9; COV§2.2-5208, Item 8; Department of Accounts (DOA) Agency Risk Management and Internal Control Standards (ARMICS), Control Environment and Control Activities
2. A section of the Lee County CSA Policy Manual was not aligned with current state statutes, policies, procedures and practices. Section 3.3.4 of the policy manual governing purchase orders and placement agreements states "Cases of emergency placement by the Lee County Department of Social Services (other than in regular foster homes) must be heard by the FAP Team within a week of the placement or before the amount of emergency money allowed is expended." As written, it suggests that there is an option for one or the other. Should the latter option be exercised and the emergency amount allowed expended exceeds 14 days of placement, it would violate CSA requirements that requires cases meeting that criteria to be assessed by FAPT within fourteen days of the placement. Criteria: COV§2.2-5209, DOA ARMICS Control Environment

RECOMMENDATIONS

1. The CPMT should ensure that adequate separation of duties is maintained pertaining to service planning and funding authorizations.
2. The CPMT should review and revise the policy manual to ensure consistency with CSA statutes, policies, and procedures where applicable. In addition, the CPMT should ensure that local policies and procedures are reflective of actual practices.

The Lee County CPMT has submitted a quality improvement plan addressing the observations detailed in this report. We respectfully ask that you notify this office as quality improvement task identified are completed. OCS will conduct a follow-up validation to ensure the quality improvements have been implemented as reported.

We would like to thank the Lee County CPMT and related CSA staff for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the assistance and cooperation that was provided by Julie Johnson, CSA Coordinator during our on-site visit. Ms. Johnson's efforts enabled the audit staff to resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,



Stephanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
Dan Poe, Lee County Administrator
Rita McCann, CPMT Fiscal Agent
Julie Johnson, CSA Coordinator
SEC Finance and Audit Committee