

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

Page County

Audit Report No. 07-2019

July 2, 2019



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 Page County Children's Services Act (CSA) Program. The Page County CSA Program provided services and/or funding for approximately 58 youth and families in Fiscal Year (FY) 2018. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2018, significant achievements for Page County and the CSA Program were:

- the percentage of youth with a decrease in the Child and Adolescent Needs and Strengths Assessment (CANS) for school exceeded the statewide average by 15.2% ; and
- the percentage of foster care youth in family-based placements exceeded the statewide average by increased by 10.8%; and
- the percentage of children who exited from foster care to a permanent living arrangement exceeded the statewide average by 8.6%.

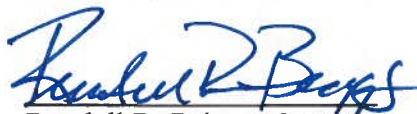
However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there were deficiencies in internal controls that could impact the effective and efficient use of resources, as well as compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with local and state CSA policies and procedures were not met resulting in questioned cost of \$789.64. This represents the state share.
- Membership of the Page County Community Planning Team (CPMT) was not consistent with state and locally established requirements. The composition of members serving on the Page County CPMT did not include a private provider representative as required by the Code of Virginia (COV) 2.2-5207.
- Program oversight by the Page County CPMT has not included review and/or assessment of specific reports that summarize, in aggregate, program outcomes to demonstrate accomplishment of statewide and local program goals, objectives, and effectiveness of the services provided correlated with the funds expended.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the Page County CPMT and other CSA staff. Formal responses from the Page County CPMT to the reported audit observations are included in the body of the full report.



Stephanie S. Bacote, CIGA
Program Audit Manager



Rendell R. Briggs, CAMS
Program Auditor

INTRODUCTION

The Office Children's Services (OCS) has completed a financial/compliance audit of the Page County 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 July 2, 2019 and covered the period November 1, 2017 through October 31, 2018.

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 local CSA programs.
- 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.
- Assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Page County CPMT. The CSA program audit self-assessment validation was completed March 2, 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

Page County was established in 1831. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Page County has a population estimate of 23,731 as of July 1, 2017. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2013-2017 as \$46,140.

The Children’s Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for eligible 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 Page County 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 2015 to 2018 are depicted below:

**CSA Pool & Census Data by Fiscal Year for Page County
(2015-2018)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2015	52	10	24%	\$987,444	\$344,741	54%	\$18,989	24%
2016	46	-6	-12%	\$1,072,408	\$84,963	9%	\$23,313	23%
2017	58	12	26%	\$1,418,640	\$346,233	32%	\$24,459	5%
2018	63	5	9%	\$1,180,458	-\$238,182	-17%	\$18,737	-23%

Note: Changes recorded for FY 2015 are based on differences from fiscal year 2014 to 2015.

FY	Pool Expenditures
2015	\$987,444
2016	\$1,072,408
2017	\$1,418,640
2018	\$1,180,458

FY	Census
2015	52
2016	46
2017	58
2018	63

FY	Unit Cost
2015	\$18,989
2016	\$23,313
2017	\$24,459
2018	\$18,737

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation #1

Criteria

Compliance and Internal Control

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. The COV of Virginia (COV) 2.2-5206 directs the CPMT to “establish quality assurance and accountability procedures for program utilization and funds management.” An exception was noted in seven (6) (67%) out of the nine (9) client case-files reviewed to validate compliance.

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State and local CSA policies and procedures were not met.

1. CSA pool funds were used for foster care maintenance expenses in lieu of Title-IVE funds for two eligible youth determined eligible for Title IVE. This resulted in total questioned costs of \$1,442.55.

Client	Period	Total Questioned Costs	Total State Share
Client A	09/06/17 - 11/21/17	\$1,321.79	\$943.10
Client B	09/01/18- 09/30/18	\$700.00	\$499.45
Total Question Cost			\$1,442.55

2. Expenditures incurred for CSA funded services were not always properly recorded in the correct expenditure category and service placement type. The indicated errors lessen the reliability and integrity of data used in CSA Pool Expenditure Reports and CSA Utilization Reports. Financial reporting errors were noted in four (4) client cases as follows.
 - A. Congregate Care Educational Services were misclassified as Residential Congregate Care. The Educational Services Congregate Care placement match rate (0.2865%) is lower than the Residential Congregate Care match rate (0.3582%), resulting in an overpayment of the local share. This is applicable to Clients C and F. (See table)
 - B. Congregate care educational services were misclassified as community-based services (mandated and non-mandated). The Education Services Congregate Care local match rate (0.2865%) is significantly higher than the Community Based Services local match rate (0.1433%). This resulted in a higher reimbursement of the state share than permissible for expenses incurred on behalf of Clients D and E. (See table)

Expenditure Category							
Client	Incorrect Expense Category	Match Rate	Correct Expense Category	Match Rate	Variance		
					Total Expense	Differential	Questioned Cost
Client C	RCC	0.3582%	ESCC	0.2865%	\$ 2,982.48	(\$0.0007)	(\$213.84)
Client D	CBS	0.1433%	ESCC	0.2865%	\$ 1,611.25	\$0.0014	230.73
Client E	NMCB	0.1433%	SPED	0.2865%	\$ 300.00	\$0.0014	\$42.96
Client F	RCC	0.3582%	ESCC	0.2865%	\$ 27,256.13	(\$0.0007)	(\$1,954.25)
Net Fiscal Impact							(\$1,894.40)
1.) RCC- Residential Congregate Care 2.) ESCC - Educational Service Congregate Care; 3.) CBS-Community Based Services 4.) NMCB-Non-Mandated/Community Based; 5.) SPED- Special Education Private Day;							

- A service provider invoiced education services for Client D using a rate for services not agreed upon in the applicable purchase order. The erroneous invoice resulted in an overpayment to the service provider. Upon notification by the auditor, the CSA Office has immediately taken steps to recoup the overpayment, which totaled \$1,241.49 (state share)

Client D (August 2018/20 Days)				
Incorrect Service Name	Incorrect Unit Cost	Correct Service Name	Correct Unit Cost	Differential
Applied Curriculum	\$308.00	General Education with Rehabilitation Services	\$221.00	\$87.00
Total Question Cost (20 Day @ \$87.00)			\$	1,740.00
State Share (\$1740 * .7135%)			\$	1,241.49

Total Net Questioned Cost: \$789.64

Recommendation

- Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding and that adequate documentation is maintained as justification for CPMT funding decisions.
- Fiscal transactions and reports should be carefully reviewed to ensure the appropriate expenditures are accurately reported in the appropriate expenditure categories and the correct funding match rates are applied.
- The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observations regarding questioned costs. Upon review and recommendations presented by OCS Finance staff, the CPMT will be notified of the final determination made by the Executive Director based on SEC approved Policy 4.7 Response to Audit Findings of whether the identified actions are acceptable or any additional actions may be required.

Client Comment

See Attachment (Client Response)

B) GOVERNANCE ACTIVITIES:

Observation #2

Criteria

Compliance and Internal Control

Formal performance measures and utilization management practices and procedures to assess overall program effectiveness have not been established in accordance with COV 2.2-5206, items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence utilization management/utilization review (UM/UR) activities to include:

1. Reviewing local and statewide data provided in the management reports on the number of children placed out of state, demographics, types of services provided, duration of services, services expenditures, child and family outcomes, and performance measures.
2. Tracking 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, relative's homes, family-like settings, or their community.

Utilization management is a key element in the CPMT's monitoring of activities and assessing the appropriateness and effectiveness of services purchased, which is critical to ensure the CPMT is well informed when carrying out its decision-making responsibilities.

Recommendation

1. The CPMT should periodically review local and statewide data provided in OCS management reports located on the CSA website specifically, but not limited to:
 - A. State & Local CSA Performance Measures (Excel Applications)
 - B. CSA Utilization Reports
 - C. OCS Report to the General Assembly
2. The CPMT should track and report on their progress in meeting their strategic goals and objectives to all stakeholders at least annually to bring about further awareness of the CSA program and to evidence a formal program evaluation activity.
3. The CPMT should consider incorporating UM as a standing agenda item and documenting the results of UM activities in the meeting minutes.

Client Comment

See Attachment (Client Response)

Observation #3

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

The CPMT does not have a private provider representative in accordance with COV #2.2-5205. However, a private provider representative is a member of the FAPT. The role of private provider is optional for FAPT. The absence of the private provider 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. There was no documentation available to evidence local efforts to fill vacant roles. In addition, the CPMT would have met compliance requirements regarding the private provider representative had the private provider serving on the FAPT been appointed to CPMT.

Recommendation

The CPMT should ensure that composition of the CPMT meets the minimum requirements established by CSA statute and local policy. The CPMT should actively recruit to fill the vacancy. Documentation of recruitment efforts should be maintained.

Client Comment

See Attachment (Client Response)

C) PROGRAM ACTIVITIES:

Observation #4

Criteria **Compliance and Internal Control**

COV 2.2-5210 requires that consent-to-exchange information be obtained from the parent and/or legal guardian to share client information collected by partnering agencies and other providers with the local CSA representatives. The consent to exchange information for three (3) out of nine (9) (33%) client case files was either missing or expired. Failure to document that consent was properly obtained increases the likelihood of non-compliance with CSA statutory requirements and potential liability due to the unauthorized exposure of protected information.

Recommendation

1. The CSA Office and FAPT should ensure that consent to exchange information forms have been completed at the time of referral or immediately prior to the start of the FAPT meeting.

2. Consent to exchange forms should be in the case file and in accordance with record retention policies.

Client Comment

See Attachment (Client Response)

CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Page County CSA program. Conditions were identified that could impact the effectiveness and efficient use of resources as well as compliance with statutory requirements. An exit conference was conducted on May 17, 2019 to present the audit results to the Page County CPMT. Persons in attendance representing Page County CPMT were:

Mr. Eric Benson, CPMT Chair, Page County Public Schools,
Ms. Linda Gray, CSA Coordinator, Page County Department of Social Services, and

Representing the Office of Children's Services was: Rendell R. Briggs, Program Auditor. We would like to thank the Page 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
Amity Moler, Page County Administrator
CPMT Fiscal Agent
Eric Benson, CPMT Chair
Linda Gray, CSA Coordinator

ATTACHMENT CLIENT RESPONSE

Revised Audit Response Provided From Client Dated Tuesday, June 25, 2019:

May 17, 2019

Mr. Rendell R. Briggs
Program Auditor
Office of Children's Services
1604 Santa Rosa Rd, Suite 137
Richmond, VA 23229

Dear Mr. Briggs:

This letter serves as response to the observations and recommendations from your recent audit.

The CSA office of Page County tries to ensure that other means of funding are used for services when feasible but when not available CSA funds are utilized to provide necessary services for children in need. The office is currently serving 35 clients and 29 of those clients are in a mandated service category.

Item 1: The CSA office of Page County does not determine Title IV-E eligibility. The Department of Social Services Benefit Specialist is responsible for determining eligibility and recommending payment for cases eligible for maintenance payments. Those payments cannot begin until an approved placement has occurred and all initial eligibility requirements that shall be met are satisfied (VDSS Child and Family Services Manual, I. Title IV-E Foster Care, July 2018).

Maintenance for a child newly placed in foster care is initially paid from the CSA state pool funding source until the child's eligibility for title IV-E has been determined. If the child is determined to be eligible for IV-E, state pool funds expended for maintenance during the determination process shall be reimbursed by title IV-E funds except for any period where the provider was not fully approved. (VDSS Child and Family Services Manual, E. Foster Care, November 2018).

For Client A and B the funds paid by the CSA office were reviewed by DSS and paperwork has been processed through DSS to reimburse the CSA office for the funds spent. Upon receipt, funds received will be reflected in the state system. CSA Coordinator has sent a clarification question to auditor on Title IVE funding so future issues do not arise.

Item 2: Cases have been reviewed to ensure the services are being/have been changed to ensure they are recorded in the correct expenditure category.

Rendell Briggs, Page 2

Item 3: Education services that were invoiced incorrectly which resulted in an overpayment to the provider has been rectified and the overpayment was received and recorded in the state system.

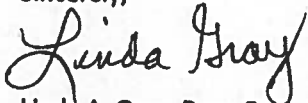
CPMT will review recommendations and incorporate corrective actions.

CPMT has advertised for a private provider representative to fill the vacancy on CPMT and the position will be advertised until the vacancy is filled to meet statutory requirements.

Consent to exchange information forms could not be located for cases that were opened prior to the audit period of September 1, 2017 – October 31, 2018. The CSA office completes a document inventory upon receiving new cases to ensure all required items are maintained.

The CSA office strives to maintain compliance with all rules and regulations and will work diligently on rectifying deficiencies noted in the audit.

Sincerely,

A handwritten signature in cursive script that reads "Linda Gray". The signature is written in black ink and is positioned above the typed name.

Linda A. Gray, Page County CSA Coordinator