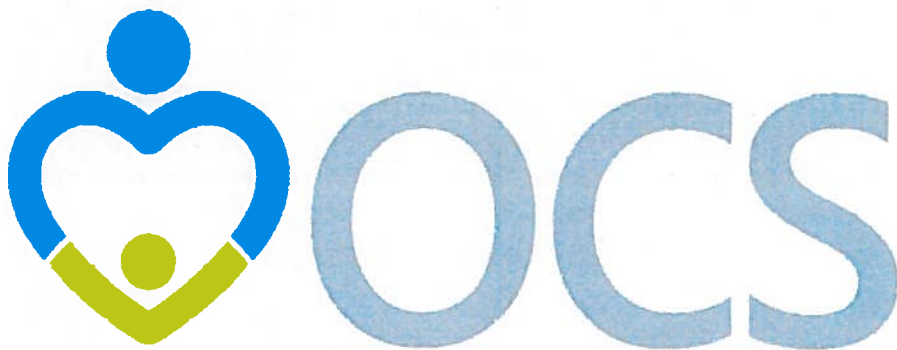


***CHILDREN'S SERVICES ACT
PROGRAM AUDIT***

Russell County

***Audit Report No. 18-2018
August 7, 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 Russell County Children's Services Act (CSA) program. The Russell County CSA program provided services and/or funding for 116 youth and families during fiscal year 2017. The audit included review and evaluation of management oversight, operational, and fiscal practices. During the course of the audit, Russell County CSA representatives highlighted the following as an accomplishment of their program:

"The Russell County CSA program has promoted foster care recruitment by speaking at churches and community events starting in July, 2017. This has resulted in an increase in foster care families from seven (7) to twenty (20), with another fifteen (15) pending, that will help local children placed in foster care remain within the community."

However, there are additional opportunities to effect quality improvements in other areas of the CSA program. Our audit concluded that there was a deficiency in compliance with statutory requirements. The Russell County Community Policy and Management Team (CPMT) established a comprehensive utilization management plan in response to prior observations in the Self-Assessment validation completed October 20, 2015. As indicated by the minutes recorded of the CPMT meetings, there was little evidence of the CPMT's utilization management activities that met requirements established by Code of Virginia [§ 2.2-5206](#), item 13.

OCS appreciates the cooperation and assistance provided on behalf of the Russell County CPMT and other CSA staff. Formal responses from the Russell County CPMT to the reported audit observations are included in the body of the full report.


Stephanie S. Bacote, CIGA
Program Audit Manager


D. Brent Barcomb
Program Auditor

INTRODUCTION

The Office Children's Services (OCS) has completed a financial/compliance audit of the Russell 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 August 7, 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.
- 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 Russell County CPMT. The CSA program audit self-assessment validation was completed October 20, 2015 indicating partial concurrence with the conclusions reported by the Russell County CPMT acknowledging the existence of non-significant compliance and/or internal control weaknesses. Additionally, the self-assessment validation noted major deficiencies that weaken internal controls established by the local CSA program.

The scope of our audit included 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

Russell County was established from a section of Washington County in 1786. Russell County was also the birthplace of four other Virginia counties: Wise, Lee, Tazewell, and Scott. According to the U.S. Census Bureau's Quick Facts, the estimated 2016 population of Russell County was 27,370 and the median household income was \$38,370.




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. 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 CPMT is supported in this initiative by Family Assessment and Planning Teams (FAPT) responsible for recommending appropriate services. Administrative services are managed through the local CSA office. Expenditure and demographic information for fiscal years 2015 to 2017 are depicted below:

**CSA Pool & Census Data by Fiscal Year for Russell County
(2015-2017)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2015	104	19	22%	\$1,137,638	\$294,401	35%	\$10,939	10%
2016	122	18	17%	\$1,672,815	\$535,177	47%	\$13,712	25%
2017	116	-6	-5%	\$1,830,766	\$157,950	9%	\$15,782	15%

FY	Pool Expenditures	
2015		\$1,137,638
2016		\$1,672,815
2017		\$1,830,766

FY	Census	
2015		104
2016		122
2017		116

FY	Unit Cost	
2015		\$10,939
2016		\$13,712
2017		\$15,782

OBSERVATIONS AND RECOMMENDATIONS

GOVERNANCE ACTIVITIES

Observation:

Criteria

Compliance

The Russell County CPMT established a comprehensive utilization management plan in response to prior observations in the self-assessment validation completed October 20, 2015. However, there was little evidence of the CPMT's utilization management activities that included:

- “review and analysis of data in management reports provided by the Office of Children’s Services in accordance with subdivision D 18 of [§ 2.2-2648](#) to help evaluate child and family outcomes and public and private performance in the provision of services to children and families through the Children’s Services Act program”, or
- “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 service provided, duration of services, service expenditures, child and family outcomes, and performance measures.”

Utilization management responsibilities are governed by the Code of Virginia [§ 2.2-5206](#), item 13. It is a key element in the CPMT’s monitoring 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

The Russell County CPMT should periodically, at least annually, review and analyze local and statewide data provided in OCS management reports that are available on the CSA website, specifically but not limited to:

- [State & Local CSA Performance Measures \(Excel Application\)](#)
- CSA Utilization Reports
- OCS Reports to the General Assembly (weblink: <http://www.csa.virginia.gov/OCSDData/ReportsPublications>)

The results of Utilization Management review and analysis should be recorded in the CPMT meeting minutes along with any supplemental materials presented.

Client Comment

CSA Staff and CPMT will review, analyze, track and disseminate state and local data to evaluate child and family outcomes, demographics, service provision and provider efficiency. The review and discussion of Utilization Management information will be reflected in the CPMT Minutes at least quarterly.

CPMT will track the utilization performance of residential placements using data and management reports to develop and implement strategies for prevention of residential placements, decreasing lengths of stay and out of state placements. This data will also be used in long term strategic planning.

CONCLUSION

Our audit concluded that there was a deficiency in compliance with statutory requirements pertaining to utilization management. An exit conference was conducted on June 19, 2018 to present the audit results to the Russell County CPMT. Persons in attendance representing Russell County were:

CPMT: Lori Gates-Addison, CPMT Chairperson; Patrick Brunty, DSS/Fiscal Agent; Alice Meade, Parent Representative; Jeff Brintle, CSU/DJJ; and Cathy Gent, Russell County Schools

CSA Staff: Pam Hendrickson-Wimmer, CSA Coordinator

Other attendees: Kim Lowe-Bales, FAPT Chairperson

Representing the Office of Children's Services was: Donald Barcomb, Program Auditor.

We would like to thank the Russell County CPMT and the Russell County CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Lonzo Lester, Russell County Administrator

Lori Gates-Addison, Interim CPMT Chair

Patrick Brunty, CPMT Fiscal Agent

Pamela Hendrickson-Wimmer, CSA Coordinator

SEC Finance and Audit Committee