

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

Wise County

Audit Report No. 19-2020

September 22, 2021



Office of Children's Services

Empowering communities to serve youth

Report Disclaimer

Due to the COVID-19 pandemic, onsite visits have been suspended until further notice. In lieu of onsite visits, audit procedures were conducted remotely to ensure public health safety.

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EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the Wise County Children's Services Act (CSA) Program. The Wise County CSA Program provided services and/or funding for approximately 132 youth and families in Fiscal Year (FY) 2020. The audit included a review and evaluation of management oversight, as well as operational and fiscal practices. Based upon established statewide CSA performance measures reported as of (FY) 2020, significant achievements for the Wise County CSA Program were:

- Demonstrated improvement in all Child and Adolescent Needs and Strengths (CANS) domains from FY 2019 to FY 2020 (see table below).

CANS DOMAIN	(FY) 2020	(FY) 2019	% of Change
Behavioral/Emotional Needs	43.8%	36%	↑ 7.8%
School	56.3%	28%	↑ 23.8%
Strength	50.0%	44%	↑ 6.0%

- Percentage of youth receiving Community Based Services (CBS) out of all CSA youth improved 3.6% over (FY) 19, and exceeded the statewide average for (FY) 20 by 5.4%.
- Foster Care Exits to Permanency was 2.5% above the established target and exceeded the statewide average by 12.9%.
- Family-based Foster Care exceeded the statewide average by 9.1% and was 7.8% higher than the stated target.

However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there were major deficiencies¹ in internal controls and non-compliance with CSA statutory requirements that affect the effective and efficient use of resources. Additionally, some of these observations were previously identified in the CSA audit report dated August 30, 2018. Upon receipt of that report, the CPMT submitted quality improvement plans detailing actions taken to address the deficiencies. However, the measures indicated are not working as intended. Specific non-compliance items identified were:


- 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, resulting in questioned costs of \$1,559.83 (state share). The previous audit report included similar observations. Specific non-compliance items identified were:

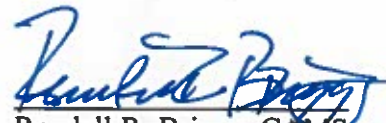
(1) services were not documented in an approved service plan (Individual and Family Services Plan) and/or CPMT authorization of funding could not be verified;

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.

- (2) expenditures that are potentially eligible for an alternate funding source (i.e. Medicaid);
and
- (3) misclassification of expenditure categories in financial reports that affected distribution of the state share of pool fund reimbursements.
- Documentation of service planning activities requires strengthening to ensure compliance with the relevant policies. Omissions from client case file documentation included: Individual and Family Service Plan (IFSP) data elements - discharge planning, current consent-to-exchange information forms, and parental co-payment assessments.
 - Membership of the Wise County Family Assessment and Planning Team (FAPT) was not consistent with state and locally established requirements. The FAPT did not include a parent representative as required by the Code of Virginia (COV) [§ 2.2-5207](#) and local policy.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the Wise County CPMT and other CSA staff. Formal responses from the Wise 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 of Children's Services (OCS) has completed a financial/compliance audit of the Wise 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 September 20, 2021 and covered the period May 1, 2019 through April 30, 2020.

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 August 30, 2018.

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

Established in 1856, Wise County is located in the southwest region of the Commonwealth of Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Wise County has a population estimate of 37,862 as of January 29, 2021. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2015-2019 as \$38,888.

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. Wise 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. Expenditures and demographics for fiscal years 2017 to 2020 are depicted below:

CSA Pool & Census Data by Fiscal Year for Wise County (2017 - 2020)

Source: CSA Continuous Quality Improvement (CQI) Dashboard

At-A-Glance

<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
179	156	127	132
Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count
1.8M	1.7M	1.8M	2.0M
Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditures
1.7M	1.6M	1.6M	1.9M
Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures
\$9,603	\$10,022	\$12,962	\$14,735
Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure
0.2755	0.2755	0.2755	0.2755
Base Match Rates	Base Match Rates	Base Match Rates	Base Match Rate
0.2573	0.2654	0.2603	0.2716
Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate

Data is updated through 06/24/2021

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES:

Observation #1

Criteria

Compliance and Internal Control – Repeat Observation

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with state statutes and local CSA policies and procedures were not met. The Code of Virginia (COV) [§ 2.2-5206](#) directs the CPMT to “establish quality assurance and accountability procedures for program utilization and funds management.” At least one exception was identified in six (6) of the sixteen (16) (38%) client case files reviewed to validate compliance. Refer to Tables A and B below for a detailed description of exceptions and a breakdown of the applicable questioned costs.

Table A					
Client File Review Exceptions - Fiscal Impact					
Exception Rate	Description (Code)				
13% (2/16)	1. FAPT/CPMT Actions [e.g. Services were not documented on an Individual and Family Service Plan (IFSP); and/or Missing CPMT authorization] needed to verify eligibility to access state pool funds. COV § 2.2-5206 ; § 2.2-5208 ; and §2.2-5211				
6% (1/16)	2. Alternate Funding Source: CSA pool funds used for Medicaid Eligible Expense COV § 2.2-5206 , Current Appropriations Act, and CSA Policy 4.4.2 Medicaid Funded Services. (Repeat Observation)				
6% (1/16)	3. Financial Reporting Errors - Incorrect Expenditure Category: Transactions were processed for payment where the local match rate applied was incorrect. COV § 2.2-5206 ; and CSA Policy 4.5 Fiscal Procedures (Repeat Observation)				
Exception Code	Clients	Service Description	Period	Total Cost	State Share (Net Fiscal Impact)
1	C	Assessment/Evaluation	11/14/19	\$550.00	\$474.27
1	D	Clothing Supplement	01/21/20	\$340.50	\$293.23
2	F	TFC Case Management	01/03/20 - 04/30/20	\$979.50	\$709.65
3	G	SPED-Wrap - Around Services	06/01/19 - 06/30/19	\$82.68	\$82.68
Total					\$1,559.83

Table B			
Client File Review Exceptions- Service Name Errors			
(No Fiscal Impact)			
Client	Incorrect Service Code/Name	Correct Service Code/Name	Period
A	#10 ISS	#8 FSS	05/01/19 – 05/31/19
	# 41 TFC/CM	#27 FC/SSA	03/25/20 - 04/30/20
B	#41 TFC/CM	#27 FC/SSA	01/10/20 – 04/30/20
C	#41 TFC/CM	#27 FC/SSA	12/01/19 – 04/30/20
D	#10 ISS	#23 Mentoring	05/01/19 – 06/30/19
F	#3 Assessment	#27 FC/SSA	01/03/20 – 04/30/20
H	#9 ILS	#18 MIL	09/01/19 – 09/30/19
	#14 BMS	# 18 MIL	01/01/20 – 04/30/20
I	#10 ISS	#8 FSS	05/01/19 – 05/31/19
J	#10 ISS	#40 TDT	05/01/19 – 06/30/19
K	#41 TFC/CM	#27 FC/SSA	01/01/20 – 04/30/20

The exceptions pertaining to alternate funding sources and financial reporting errors were identified in the prior audit report issued August 30, 2018. The CPMT submitted a quality improvement plan (QIP) with a target completion date of October 1, 2019. 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.

Recommendation

1. Prior to submitting invoices for payment, the CSA Coordinator and/or individuals responsible for expenditure processing should verify services are documented in the IFSP and that the CPMT has authorized the funding.
2. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding versus other appropriate funding sources.
3. The CSA Coordinator and/or CPMT should conduct periodic reviews of individual transactions included in completed financial reports to identify and correct errors, while ensuring financial data is accurately presented.
4. The CPMT should monitor implementation of all quality improvement plans and ensure the remedial actions taken are functioning as intended.
5. 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 Policy 4.7, Response to Audit Findings, of whether there will be any denial of funds, the identified actions are acceptable or any additional actions that maybe required.

Client Comment

- “We concur
- Wise County CMPB will ensure that the CSA Coordinator will verify services are documented in the IFSP and that the CPMT has authorized the funding prior to creating purchase orders and submitting invoices for payment.
- The CPMT will make every effort to ensure that the proposed expenditure meets the criteria for CSA funding versus other appropriate funding sources.
- The CSA Coordinator and CPMT along with the QI team (the Quality Improvement Team) will conduct periodic reviews of individual transactions included in completed financial reports. We will identify and correct errors and ensure financial data is accurately presented.
- The CPMT and the QI team (made up of the CSA Coordinator, Community Policy and Management Board and Family Assessment and Planning Team members) will monitor implementation of all quality improvement plans and ensure the corrective actions taken are functioning as intended by reviewing at regular and special meetings.
- The CPMT Chairperson and CSA Coordinator will submit a quality improvement plan to the OCS.”

B) PROGRAM ACTIVITIES

Observation #2

Criteria

Compliance and Internal Control

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Sixteen (16) client case-files were examined to confirm that required documentation was maintained in support of and to validate FAPT and/or multi-disciplinary team (MDT) referrals and CPMT funding decisions. The results of the examination identified opportunities for improvements based on the following:

Description	# of Cases	Error Rate
1) Missing IFSP Data Elements - Discharge Planning; caused by utilization of outdated forms. CSA Policy 3.5 Records Management	11 of 16	69%
2) Missing Consent to Exchange Forms. COV § 2.2-5210 and CSA Policy 3.5 Records Management	5 of 16	31%
3) Missing Parental Copay Assessment. COV § 2.2-5206 ; § 2.2-5208 ; and CSA Policy 3.5 Records Management	2 of 4 (Eligible Cases)	50%

Insufficient data collection and poor documentation in service planning may lead to increased operational and fiscal inefficiency and ineffectiveness of the local program. Further, this condition fosters an environment that makes the program more susceptible to potential loss of accessibility to state funding in support of local programs as a result of non-compliance with CSA statutes regarding service planning and access to pool funds.

Recommendation

1. The FAPT should ensure that a properly completed IFSP is used to record service planning activities such as, but not limited to, discharge/transition planning.
2. At the time of the initial case referral, the FAPT and CSA Coordinator should ensure that a signed consent form is obtained for all applicable parties (child and/or parents) and document the assessment of parental ability to pay that is supported by verification of stated income or certification stating indigent status. The amount assessed should be reported to the CPMT along with the request for approval for funding of FAPT referred services.
3. The FAPT and CSA Coordinator should ensure that all required documentation is maintained in the client records for the required records retention period, including consent to exchange information forms and parental copay assessments.
4. Periodic reviews should be performed to establish quality control of client records and to ensure compliance with CSA statutory requirements.

Client Comment

- "We concur
- The Community Policy and Management Board and the CSA Coordinator and will ensure all staff receive the training necessary to carry out the mission of CSA. We will ensure all members of Family Assessment and Planning Team as well as case managers know how to properly complete an IFSP and ensure updated documents are used to record all service planning activities including discharge/transition planning.
- Wise County Community Policy and Management Board will ensure the CSA Coordinator collects a signed consent form, obtained for all applicable parties (child and/or parents) and document the assessment of parental ability to pay that is supported by verification of stated income or certification stating indigent status, at the time of referral and before Family Assessment and Planning Team reviews the case. The amount of copay assessed will be noted on the IFSP along with the request for approval for funding of FAPT referred services.
- The CSA Coordinator will ensure that all required documentation is maintained in the client Family Assessment and Planning Team records for the required records retention period, including

consent to exchange information forms and parental copay assessments. Records will be reviewed by the QI team at least quarterly.

- Periodic reviews of all CSA data including case files, financial data and CSA reports will be performed to establish quality control of client records and to ensure compliance with CSA statutory requirements. These reviews will be completed by the CSA Coordinator and the QI team (the Quality Improvement Team is made up of the CSA Coordinator, Community Policy and Management Board and Family Assessment and Planning Team members).”

C) GOVERNANCE ACTIVITIES:

Observation #3

Criteria

Compliance and Internal Control

The composition of members serving on the Wise County FAPT do not meet the membership requirements established by CSA statute and local policy. The Wise County FAPT does not have a parent representative as required by COV § 2.2-5207. The absence of the parent representative impedes the intent of CSA to create a collaborative system of services and funding that includes a representative of the community. CPMT minutes or other available documentation was insufficient in evidencing actual recruiting efforts to fill vacant roles during the audit period.

Recommendation

The CPMT should ensure that composition of the FAPT meets the minimum requirements established by CSA statute and local policy. The CPMT should actively recruit to fill the vacancies. Documentation of recruitment efforts should be maintained and/or documented in the CPMT minutes.

Client Comment

“We concur. The Community Policy and Management Board has tried without success to recruit a parent representative for the Family Assessment and Planning Team. We had a parent representative in mid-2019. She had to resign due to family issues. Both Family Assessment and Planning Team and Community Policy and Management Board have tried to recruit a parent to fill this seat. The lack of a parent representative has been discussed at Community Policy and Management Board meetings, however it was not documented in the minutes. Wise County Community Policy and Management Board will continue to actively recruit and ensure our efforts are documented in the Community Policy and Management Board minutes.”

Observation #4**Criteria****Compliance and Internal Control**

Internal controls established by CSA statutes were not effectively implemented by the Wise County CSA Program in order to safeguard against conflicts of interest pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families. Non-public representatives serving on the CPMT and FAPT did not complete the statement of economic interest (SOEI) form as required by (COV) [§ 2.2-5205](#) and [§ 2.2-5207](#), and pursuant to OCS Administrative Memo #18-02 [Statement of Economic Interest Filings for FAPT and CPMT Members](#) directing the filings to be completed upon appointment. Based on the increased possibility that required parties may not have appropriately disclosed personal interests, the effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds could be significantly reduced.

Recommendation

The CPMT should ensure that the SOEI form is completed immediately for all non-public participating members serving on the CPMT and FAPT. Completed disclosure forms should be maintained in accordance with guidance provided in Administrative Memo #18-02.

Client Comment

“We concur. Wise County Community Policy and Management Board and the CSA Coordinator will ensure members of both Family Assessment and Planning Team and Community Policy and Management Board, who are required to complete the Statement of Economic Interest form, do so at the earliest possible time after they are appointed. The CSA Coordinator will provide the SOEI forms to the newly appointed members and direct them to file the form with Wise County Administrative office. Wise County Administrative assistant will sign a “statement of SOEI filed” whereby the member will return it to the CSA Coordinator. This statement of SOEI filed form will be kept in the Membership files in accordance with administrative memo #18-02. “

Observation #5**Criteria****Internal Control**

Wise County CSA policies and procedures are not consistent with established state CSA requirements, and/or best practices, to govern local CSA programs. Clear policies are necessary to facilitate and communicate the CPMT’s expectations in implementing CSA and to ensure the program is administered in accordance with state and local requirements. Opportunities for policy alignment to clarify inconsistencies were noted as follows:

1. Access to Community Pool Funds without Prior CPM Board Approval delegates funding authorization for foster care maintenance only expenditures to the local social services agency. CPMT oversight of its delegated authority included quarterly printouts listing all CSA payments for regular foster care and clothing allowances during the quarter, which were reviewed in closed session of the regular CPMT meeting. However, the CPMT minutes show that the established

oversight control is not working as intended. Due to staff changes at social services and the CSA office, the quarterly reports have not been presented to CPMT over the past two years.

2. Emergency Access to Pool Funds suggests that FAPT referrals and CPMT funding approvals are not required where emergency placements do not exceed \$1,500 annually and other emergency services do not exceed \$1,000. This is contrary to COV §2.2-5209 allowing CSA state pool funds to be used for emergency placements/services if the child or youth is assessed by the FAPT/MDT within 14 days of placement/service initiation and the emergency placement/service being approved is consistent with the locality's policies.
3. Non-Custodial (Out-of-Home) Foster Care & Parental Agreements misinterprets the appropriate application of non-custodial agreements executed by the local department of social services and a CSA parental agreement enacted on behalf of the CPMT. Examples of noted misrepresentations were:
 - A. "The Family Assessment and Planning Teams executes and CPMT approves Non-Custodial Placement Agreements." FAPT and CPMT roles are misrepresented in that statement. In accordance with the Virginia Department of Social Services (VDSS) Child and Family Service Manual E, Foster Care Section 3.7.5.1, Non-Custodial Foster Care Placements and related agreements are the responsibility of the local social service agency.
 - B. "Public agencies entering into agreements are responsible for meeting federal and state foster care requirements, such as foster care service plans, court petitions, referrals for Title IV-E and Medicaid eligibility screenings." While a public agency uses a CSA Parental Agreement, the parents retain custody and the out of home placements are not considered foster care. Therefore, the foster care requirements described do not apply.

Recommendation

1. The CPMT should immediately review and revise local policies and procedures to ensure alignment with the Code of Virginia and policies promulgated by state child-serving agencies that are applicable to youth accessing state pool funds.
2. The CPMT should establish a process whereby local policies are periodically reviewed and updated accordingly. As a best practice, policy/procedure reviews should occur annually, but not less than every three years.

Client Comment

- "We concur
- The Wise County Community Policy and Management Board is already in the process of revising our CSA Manual and forms in their entirety. We expect the process to be completed by the end of 2021. We will ensure alignment with the Code of Virginia concerning policies for youth and families accessing state pool funds.
- Wise County will establish a practice of reviewing the CSA manual annually and updating as necessary."

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Wise County CSA program. Conditions were identified that could affect the effectiveness and efficient use of resources as well as compliance with statutory requirements. An exit conference was conducted on August 25, 2021 to present the audit results to the Wise County CPMT. Persons in attendance representing Wise County CPMT were:

Glenda Collins, CPMT Chair, Lonesome Pine Office on Youth
Delores Smith, CPMT Fiscal Agent
Dana Skinner, CSA Coordinator

Representing the Office of Children's Services was Rendell R. Briggs, Program Auditor. We would like to thank the Wise 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
Michael W. Hatfield, Wise County Administrator
Glenda Collins, CPMT Chair
Lonesome Pine Office on Youth
Delores Smith, CPMT Fiscal Agent
Wise County Treasurer
Dana Skinner, CSA Coordinator