

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

City of Charlottesville

***Audit Report No. 03-2024
March 15, 2024***



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 City of Charlottesville CSA Program. The City of Charlottesville CSA Program provided services and/or funding to 154 eligible youth and families in fiscal year (FY) 2023. The audit included reviewing and evaluating management oversight, operational, and fiscal practices. Based upon established statewide Children's Services Act (CSA) performance measures reported as of FY 2023, significant achievements for the City of Charlottesville CSA Program were:

- Seventy-three (73%) of youth in foster care are in a family-based foster care setting.
- Seventy-five (75%) percent of children exiting foster care achieved permanency, an increase of 12.5% from FY22. (This outcome measure represents the percentage of children who exit from foster care to a permanent living arrangement either through adoption, reunification with their biological family, or placement with a relative).
- Fifty-five (55%) of youth and families receiving funded service through CSA saw an increase in CANS strengths over time from the initial Child and Adolescent Needs Strength (CANS) in FY19 assessment to the most recent re-assessment indicating interventions are having a desired impact.

However, there are additional opportunities to improve quality in other CSA program areas. The audit concluded that there were deficiencies in compliance and internal controls relating to governance and fiscal practices. Conditions were identified that could affect the effectiveness and efficient use of resources and compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where CSA compliance requirements were not met. Specific non-compliance items identified were: (1) administration of the mandatory CANS Assessments for three (3) clients and (2) funding of expenditures that were eligible for other funding sources (Title IV-E or budgeted funds of the local Department of Social Services). The total cost of questioned expenses is \$71,808.56, of which \$56,704.74 represents the state share.
- The Statement of Economic Interest (SOEI) form was not completed by non-public serving members of the Family Assessment and Planning Team (FAPT) as required by Code of Virginia (COV) § 2.2-5207. Instead, the Financial Disclosure Statement (Short Form) was filed. OCS Administrative Memo #18-02, dated January 16, 2018, provided guidance to local CSA programs regarding filing requirements. The guidance states that non-public members must complete the "long" form specified in COV §2.2-3117 upon appointment.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the CPMT and other CSA staff. The body of the full report includes formal responses from the CPMT to the reported audit observations.



Stephanie S. Bacote, CIGA
Program Audit Manager



Annette E. Larkin, MBA
Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the City of Charlottesville 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 to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on March 14, 2024, and covered the period from August 1, 2022, through July 31, 2023.

The objectives of the audit were:

- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To 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.
- To 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 improvement plans addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the City of Charlottesville CPMT. The audit report date was August 27, 2019.

The audit scope included youth and their families who received CSA-funded services during the audit period. Audit procedures included reviews of relevant laws, policies, procedures, and regulations; interviews with various CSA stakeholders; flowcharts of operational and fiscal processes; various tests and examination of records; and other audit procedures deemed necessary to meet the audit objectives.

BACKGROUND

Established as an independent city in 1762, Charlottesville is in the eastern foothills of the Blue Ridge Mountains. Charlottesville is named after Queen Charlotte and is home to the prestigious University of Virginia (UVA), founded by Thomas Jefferson, the third President of the United States. According to the U.S. Census Bureau Quick Facts, the estimated population in 2022 was 45,373 and the median household income from 2018-2022 was \$67,177.

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 a local interagency team, the Community Policy and Management Team (CPMT), that plans and oversees services to youth. The City of Charlottesville CPMT is supported by a Family Assessment and Planning Team (FAPT). The CPMT delegated responsibility for funding authorization to the FAPT while establishing several Multi-disciplinary Teams (MDTs) responsible for recommending appropriate services to eligible children and families. Administrative services are managed through the local CSA office staffed by the CSA Coordinator. Expenditure demographics for fiscal years 2020 to 2024 are depicted below.

Source: CSA Data and Outcomes Dashboard
(Web link: [Data and Outcomes Dashboard \(CQI\)](#))

At-A-Glance

	2020	2021	2022	2023
Distinct Child Count	292	240	208	194
Net Expenditures	\$7.9M	\$6.8M	\$6.3M	\$6.1M
Local Net Match	\$2.2M	\$1.9M	\$1.7M	\$1.6M
Average Expenditure	\$26,984	\$28,254	\$30,264	\$31,376
Base Match Rate	0.3068	0.3068	0.3068	0.3068
Effective Match Rate	0.2768	0.2776	0.2690	0.2650

CQI dashboard data consists of information submitted by individual Virginia localities for youth receiving CSA-funded services in the reporting period. Statewide data was updated through 11/16 of the current program year.

OBSERVATIONS AND RECOMMENDATIONS

A) PROGRAM AND FISCAL ACTIVITIES

Observation 1:	
Criteria:	Compliance and Internal Control

The City of Charlottesville CSA program was reimbursed \$56,704.70 (state share) for payment of services where the requirements for compliance with State Executive Council (SEC) and partnering agency policies and procedures were not met. Ten (10) client case files were examined to confirm that the required documentation was maintained to support and validate the service planning activities completed by multi-disciplinary teams (MDTs) and funding decisions by the Family Assessment Team (FAPT). A notable exception occurred in six (6) of 10 (60%) client records examined. Specific noted exceptions were:

1. Data collection practices and procedures pertaining to CSA clients and the mandatory uniform assessment instrument described in CSA Policy 3.6 have not been consistently applied to maintain complete, accurate, and reliable information. A CANS assessment is required initially, annually, and upon discharge of CSA-funded services. The annual CANS assessment was not completed in a timely manner for three (3) clients. Funds totaling \$56,357 (state share) were expended during the lapsed compliance period.
2. Per Code of Virginia (COV) [§ 2.2-5211](#), "the community services board, the local school division, local social services agency, court service unit, or Department of Juvenile Justice shall continue to be responsible for providing services identified in individual family service plans that are within the agency's scope of responsibility and that are funded separately from the state pool." The following instances of non-compliance were observed:
 - A. CSA funds paid \$287 (state share) for drug testing/screening eligible for funding through the Virginia Department of Social Service Locality Automated System Expenditure Reimbursement (LASER) Budget Line 830 *Child Welfare Substance Abuse and Supplement Services*.
 - B. CSA pool funds were used in lieu of Title IV-E funds for clothing expenses for two (2) Title IV-E eligible youths. The clothing expenditures totaled \$337.62 (state share). The youth were identified through the review of reports issued by the Virginia Department of Social Services (VDSS) Quality Assurance and Accountability (QAA) team.
3. Documentation of utilization review (UR) in service planning activities requires strengthening to ensure compliance with program requirements and best practices. In 3 of 10 (30%) cases reviewed, progress towards short-term goals was not captured to demonstrate whether interventions were working as intended. The Code of Virginia (COV) §2.2-5208 item 5 (iv) tasks the family assessment and planning team (FAPT) to "provide regular monitoring and utilization review of the services and residential placement for the child to determine whether the services and placement continue to provide the most appropriate and effective services for the child and his family."

4. Data integrity and the reliability of the information reported to OCS by the City of Charlottesville CSA office needs improvement. In 3 of 10 (30%) client case files examined, the mandate type was recorded incorrectly in fiscal transactions. These reporting errors represent internal control weaknesses in the reliability and integrity of the financial data used by management in decision-making.

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.

Table A				
Client File Review Exceptions- Fiscal Impact				
Exception Rate	Exception Description (Code)			
30% (3/10)	1. Missing an annual CANS assessment (CSA Policy 3.6, Mandatory Uniform Assessment			
25% (3/12)	2. Alternate Funding Sources: A. VDSS LASER Budget 830 and B. Title IV-E. (COV 2.2-5211)			
Exception Code	Client	Service Period	Total Cost	State Share
1	A	Aug 22 – Dec 22	\$30,520.76	\$25,838.88
	B	Nov 22 – Dec 22	\$6,070.00	\$4,207.72
	C	June 22 – Dec 22	\$34,480.00	\$26,033.49
2A	D	Sept 22 – Apr 23	\$339.00	\$287.00
2B	*E	Feb 23	\$197.78	\$167.44
	*F	Feb 23	\$201.02	\$170.18
Total			\$71,808.56	\$56,704.70
Reimbursement Due to CSA				\$56,704.70
*CSA-funded clients identified through reviews of VDSS QAA Reports				

Table B	
Client File Review Exceptions – No Fiscal impact	
Exception Rate	Exception Description
(3/10) 30%	3. UR: Documentation of progress towards short-term goals. (COV 2.2-5208)
(3/10) 30%	4. Mandate type coding error. (Data Integrity)

Recommendations:

1. Since the CPMT has delegated funding authorization to the FAPT, the FAPT should ensure that the proposed expenditure meets the criteria for CSA funding (i.e., meeting all federal and state requirements). Adequate documentation should be maintained as justification for FAPT/CPMT funding decisions, such as but not limited to, verification of administration of annual CANS assessment and of the consideration of other appropriate and available funding sources (i.e., IV-E, agency budgets, etc.).
2. Before FAPT approval of funding, the FAPT should ensure that UR activities are completed for all goals/objectives listed in the service plan. Following the established UR schedule, documentation should capture progress or lack of progress with the recommended interventions.
3. Periodic case file reviews should be performed at least annually to establish quality control of client records and ensure compliance with CSA statutory requirements. As a part of the CPMT's quality assurance review and monitoring efforts, the CPMT should track CSA-funded cases pending title IV-E eligibility determination and confirm reimbursement of CSA pool funds for foster care maintenance costs where appropriate.

4. The Chief of Administration should ensure that the correct mandate type is recorded on purchase order(s) in automated systems (i.e., Harmony) that collect source data for financial reporting before approval.
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-approved policy 4.7 Response to Audit Findings of whether the identified actions are acceptable or any additional actions that may be required.

Client Comment:

See Attachment A for Management Responses

B) CPMT GOVERNANCE

Observation 2:

Criteria:

Internal Control

The CPMT did not effectively implement internal controls established by CSA statutes to safeguard against conflicts of interest. The non-public members serving on FAPT did not complete the statement of economic interest (SOEI) form in accordance with the requirements set forth in COV §2.2-5207. The non-public members completed the financial disclosure statement (Short Form) instead of the SOEI (Long Form). OCS Administrative Memo #18-02, dated January 16, 2018, provided guidance to local CSA programs regarding filing requirements. The guidance states that non-public members must complete the "long" form as defined in COV §2.2-3117 upon appointment.

Recommendations:

The CPMT should ensure all parties not representing a public agency complete the SOEI forms (Long Form) upon appointment and maintain filing in accordance with the Administrative Memo 18-02 dated January 16, 2018.

Client Comment:

See Attachment A for Management Responses

Observation 3:

Criteria:

Internal Control

Charlottesville's local policy states, "parents of children receiving *exclusively community-based* services are exempt from parental contribution requirements." Fiscal and demographic data reviewed shows approximately 93 families meeting the exemption criteria. During the review period, Charlottesville expended \$993,776.98 (state and local share) for services provided to the eligible families. In addition, effective 1/19/22, Charlottesville CPMT suspended referral of all

out-of-home placements by way of a CSA parental agreement to the Division of Child Support Enforcement (DCSE). Three CSA parental agreements were in effect within the period of review. COV§2.2-5206 states that CPMTs shall: "Establish policies to assess the ability of parents or legal guardians to contribute financially to the cost of services to be provided and, when not specifically prohibited by federal or state law or regulation, provide for appropriate parental or legal guardian financial contribution, utilizing a standard sliding fee scale based upon ability to pay." The current fiscal policies adopted by Charlottesville CPMT governing parental contribution assessment and collection limit the opportunity to increase/maximize funding availability for services required to meet the community's needs. The table below depicts the effect of Charlottesville's current policy and practices.

FY	Fips	Locality	Vendor Refunds	Parenta	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
21	540	Charlottesville	5,075.90	65.43	8,389.00	18,615.74	20,232.61	2,853.00	55,231.68
22	540	Charlottesville	18,066.89	28.62	4,756.00	16,296.19	(1,187.40)	1,401.41	39,361.71
23	540	Charlottesville	21,154.00	59.74	2,465.00	8,088.37	(3,830.45)	-	27,936.66

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

Recommendations:

The CPMT should re-consider the current policy not to assess and collect a parental co-pay assessment on community-based services. In addition, the CPMT should develop an assessment and collection policy for CHINS Parental Agreement cases.

Client Comment:

See Attachment A for Management Responses

CONCLUSION

This audit concluded that there were deficiencies in internal controls that could affect compliance with statutory requirements. An exit conference was conducted on February 1, 2024, to present the audit results to the City of Charlottesville CPMT. Persons in attendance representing the City of Charlottesville CPMT were as follows:

Misty Graves, CPMT Chair
Sue Moffett, Social Services
Christa Galleo, Court Services
Rachel Rasnake, Charlottesville Public Schools
Erin Callas, Department of Health
Neta Davis, Community Service Board
Ashley Marshall, Local Government Representative
Andre Key, Private Provider Representative

Representing the Office of Children's Services was Annette Larkin, Program Auditor. We thank Charlottesville CPMT and related staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services
Samuel Sanders, Jr., Charlottesville City Manager
Misty Graves, CPMT Chair
Charles Phillipin, CPMT Fiscal Agent
Katie Ralston, CSA Coordinator

CITY OF CHARLOTTESVILLE

DEPARTMENT OF HUMAN SERVICES
907 E. Jefferson Street, Charlottesville, VA 22902

Administration: (434) 970-3353



February 28, 2024

Annette Larkin
Commonwealth of Virginia
Office of Children's Services
1604 Santa Rosa Road, Suite 137
Richmond, VA 23229

Dear Ms. Larkin,

The Charlottesville CPMT has received and reviewed the *Children's Services Act Program Audit report for the City of Charlottesville, Audit Report No. 03-2024*. We appreciate the review of our program and feedback on our performance.

The Charlottesville CPMT has actively addressed the non-compliance observations identified, including consideration of the recommendations outlined in the report. Our response to these observations and recommendations is included in the attached document, *Charlottesville CPMT Response to CSA Program Audit Observations and Recommendations*. The Charlottesville CPMT requests that you review and consider our proactive response to address identified observations when drafting your final recommendations.

Thank you very much.

Sincerely,

A handwritten signature in black ink, appearing to read 'Misty Graves', is written over a light blue horizontal line.

Misty Graves
CPMT Chair
Director
City of Charlottesville - Department of Human Services

Charlottesville CPMT Response to CSA Program Audit Observations and Recommendations

March 2024

Program and Fiscal Activities

Observation 1-1: The Charlottesville CPMT recognizes the need for greater integrity and monitoring in regards to completion of the mandatory uniform assessment instrument and has already taken steps to revise policy and implement strategies to ensure compliance.

1. Local policies and procedures have been updated and approved by the CPMT to help ensure compliance with this requirement (updated policy and procedures attached).
2. Following the recommendation included in the audit report, the CSA Coordinator/FAPT will verify administration of the annual CANS assessment prior to each case being presented to the FAPT. To ensure it meets the criteria for CSA funding, a case will not be presented to the FAPT without a current CANS assessment, as confirmed in CANV2S.
3. Locally, the CSA program utilizes a *CSA Quarterly Purchase of Service Request Checklist* (see attached). This form is completed by agency case managers as a mechanism to initiate quarterly purchase orders for services paid through CSA. This form has been revised to include a place for the case manager to record the most recent CANS date. The form will be provided to the CSA Coordinator to verify the CANS assessment has been completed timely in accordance with local policies and practice prior to any purchase orders being created.
4. In an effort to ensure case managers understand the requirements of the mandatory uniform assessment and adhere to locally established CANS administration guidelines, training with agency case managers and supervisors has recently been completed and/or is scheduled. Moving forward, all new case managers and supervisors will also receive this training and any refresher trainings will be provided as needed.

Additionally, the Charlottesville CPMT would request that any reimbursements to CSA as a result of the audit be limited to the actual date the annual CANS assessment was due and not the 60 days prior to this date. This request is being made as it has been local practice to complete CANS assessment by the date of, and not the 60 days prior or subsequent to the anniversary of the previous annual assessment date.

Observation 1-2A: Locally, the VDSS LASER Budget Line 830 funds are prioritized for DSS cases that do not meet CSA eligibility at the time the service is needed. If the case is CSA eligible and the service has been approved by FAPT, CSA funds are sometimes used to preserve the 830 funds for those cases that are not CSA eligible. The 830 funds are limited and at risk of being depleted quickly so DSS must prioritize utilization. The 830 funds can be applied to more than drug screens so the risk of utilizing all the funding and not having any left for non-CSA cases is considered.

Observation 1-2B: This was an oversight as the basic and enhanced maintenance costs for these two youths were allocated to another funding source; however, the maintenance clothing expenses were not captured.

Observation 1-3: Following the recommendation included in the audit report, in order to help enhance utilization review, FAPT has made an increased effort to ensure goals and progress are

adequately documented on FAPT paperwork. Additionally, training with agency case managers has/will include review of how to document goals and progress on FAPT paperwork. Moving forward, all new case managers and supervisors will also receive this training and any refresher trainings will be provided as needed.

Observation 1-4: In order to ensure correct mandate types are captured and reported, the case manager's supervisor, CSA Coordinator, and FAPT will review and confirm the mandate type on FAPT paperwork. CDSS staff members responsible for creating purchase orders will also confirm the mandate type prior to initiating any purchase orders.

CPMT Governance

Observation 2: Statement of Economic Interest (SOEI) forms are issued by the City of Charlottesville Clerk's Office for non-public members of the FAPT. The Clerk's Office was operating under the guideline that the SOEI forms do not have to be filed, unless it is a requirement of the governing body. The requirement of the governing body was that the Financial Disclosure Statement (FDS) be filed, and not the SOEI. Feedback from this audit has been shared with the Clerk's Office, which then sent notice on January 9, 2024 to both the FAPT parent representative and private provide representative requesting the SOEI form be completed.

Observation 3: The Charlottesville CPMT previously had a policy and process for referring parental agreement cases to DCSE to assess parental contribution for parental agreement cases. However, the CPMT suspended its parental contribution requirement in 2022 after the Charlottesville DCSE office closed and issues arose with referrals to the state DCSE office with these particular types of cases. The CPMT began discussion regarding development of a new policy and process. Around that same time, OCS initiated a workgroup charged with developing a model parental contribution policy. Katie Ralston, Charlottesville CSA Coordinator, volunteered to serve on the workgroup in an effort to gain knowledge and insight around the requirement, how other localities implement this requirement, and expectations for localities from the state office. This information as well as the recommendation from the state workgroup would then be shared with the CPMT in an effort to revise the local parental contribution policy and procedure. The work of this group is still in progress. However, the Charlottesville CPMT will proceed with developing a parental contribution assessment policy for CHINS parental agreement cases as recommended.

CANS Assessment Procedures

CANS as the Mandatory Uniform Assessment Instrument

The Child and Adolescent Needs and Strengths Assessment (CANS) shall be the uniform assessment instrument for children and youth receiving services funded through the state pool. All children receiving CSA state pool funded services shall have a CANS assessment at least annually completed in accordance with COV §2.2-2648.D.11 and §2.2-5212A.

Frequency of CANS Administration

Any child and family receiving CSA funded services shall be administered the CANS assessment. If the youth is receiving services through the Department of Social Services, the DSS version of the assessment tool should be completed.

Initial CANS:

Required to determine and/or support the child's eligibility for CSA consistent with the statutory requirement in COV §2.2-5212

- Must use the *comprehensive version*
- Must be *completed prior to the initiation of CSA funded services* described on a service plan (e.g. Individual Family Service Plan, Individualized Education Program, or Foster Care Service Plan), with the exception (14 days) for emergency services and placements as provided for in §2.2-5209

Review CANS:

- *The CANS assessment is required at least annually.*
- *Can use the comprehensive or reassessment version. When the child turns five years old, a comprehensive version is required as the 5+ version of the assessment should be completed.*
- *Reassessments must be completed in between the review CANS as required. Children receiving Medicaid funded residential placement or TFC case management should receive an assessment every 90 days for redetermination of Medicaid eligibility.*

Discharge CANS:

- *Must use the comprehensive version*
- Discharge CANS are required only when a child's CSA case is closed.
- The Discharge CANS may be done 90 days prior to, at the time of, or within 90 days following either the completion of all CSA-funded services, or final FAPT review.
- A Discharge CANS is not required in any of the following situations:
 - When a child and family receive CSA-funded services for less than 30 calendar days. An Initial CANS is required in such instances.
 - At the time of transfer of services from one locality to another. The receiving locality will complete CANS as required per their local schedule.
 - When one service ends, but the child and/or family continue to receive other CSA-funded services.

Procedures for CANS Compliance

CSA case managers are responsible for ensuring compliance with CANS assessment requirements. Any requests for CSA funding will not be put forward to FAPT without a current CANS assessment.

Required Certification by all CANS Assessors

Any individual who administers the CANS shall be appropriately certified on the use of the assessment. "Appropriately certified" means the individual has:

1. Completed one or more of the Virginia CSA training courses offered on the Pruned Foundation CANS training and certification site (DSS case managers should complete the DSS version);
2. Attained a score of 70 percent or higher on the certification exam;