

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

Floyd County

Audit Report No. 07-2018

March 12, 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 Floyd County Children's Services Act (CSA) Program. The Floyd County CSA Program provided services and/or funding for approximately 32 at-risk youth and families in Fiscal Year (FY) 2017. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2016, a significant achievement for Floyd County and the CSA Program was that the percentages of youth with a decrease in Child and Adolescent Needs Strengths (CANS) school and behavioral/emotional needs domains exceeds the statewide averages by 6% and 7% respectively.

However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there was a deficiency that could adversely affect the effective and efficient use of resources, accomplishment of program objectives, as well as compliance with statutory requirements. The following significant issue was identified:

Adequate measures have not been established and/or implemented by the Floyd County CPMT to evaluate and ensure the accountability and effectiveness of the locally managed CSA program. A formal process documenting utilization management (UM) activity has not been implemented by Floyd County CPMT. This deficiency was also included in the prior audit report issued March 21, 2017 for which the CPMT provided a quality improvement plan to be implemented by May 2017.

OCS appreciates the cooperation and assistance provided on behalf of the Floyd County CPMT and other CSA staff. Formal responses from the Floyd 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 Floyd 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 March 12, 2018 and covered the period November 1, 2016 through October 31, 2017.

The objectives of the audit were to:

- 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 local CSA programs.
- To 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.
- To assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Floyd County CPMT. The CSA program audit self-assessment validation was completed March 21, 2017 indicating concurrence with the conclusions reported by the Floyd County CPMT acknowledging the existence of significant non-compliance observations and/or internal control weaknesses in the Floyd County CSA Program.

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

In 1831, Floyd County was established and was named for Governor John Floyd. It is located in the Blue Ridge Mountains of southwestern Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Floyd County has a population estimate of 15,321 as of July 1, 2016. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2012-2016 as \$47,288.

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. 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 Floyd 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 2014 to 2017 are depicted below:

**CSA Pool & Census Data by Fiscal Year for Floyd County
(2014-2017)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2014	38	0	0	745,597	282,224	61	19,621	61
2015	35	-3	-8	410,088	-335,509	-45	11,717	-40
2016	35	0	0	326,638	-83,450	-20	9,333	-20
2017	32	-3	-9	553,476	226,838	69	17,296	85

Note: Changes recorded for FY 2014 are based on differences from fiscal year 2013 to 2014.

FY	Pool Expenditures
2014	\$745,597
2015	\$410,088
2016	\$326,638
2017	\$553,476

FY	Census
2014	38
2015	35
2016	35
2017	32

FY	Unit Cost
2014	\$19,621
2015	\$11,717
2016	\$9,333
2017	\$17,296

OBSERVATIONS AND RECOMMENDATIONS

GOVERNANCE ACTIVITIES

Observation

Criteria

Compliance and Internal Control – Repeat Observation

Adequate measures have not been established and/or implemented by the Floyd County CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA program. A formal process documenting utilization management (UM) activity has not been implemented by the Floyd County CPMT. Floyd County’s Procedures for Quality Assurance and Accountability for Program Utilization and Funds Management states: “The CPMT shall review Quarterly Service Reports prepared by each FAPT. The CPMT may prepare or have prepared other reports on services and expenditures for review.” However, recorded minutes of the meetings and accompanying reports did not evidence Quarterly Service Reports or utilization management/utilization review (UM/UR) activities required by CSA statute to include:

- 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.
- 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 setting, or their community.

The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of organizational governance. The absence of a formal program evaluation to ensure that the goals and objectives of the program are met may affect the integrity of the CPMT’s governance activities, maximizing the use of state and community resources, and ultimately local efforts to better serve the needs of families in the community.

The non-compliance observation referenced in this report was also identified in the prior audit report issued March 21, 2017. The Floyd County CPMT submitted a quality improvement plan with May 2017 as the target date of completion. The CPMT, as the governing body, is responsible for on-going monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

Recommendation

The Floyd County CPMT should immediately initiate periodic reviews of OCS financial and performance reports as required by CSA statute to demonstrate compliance. Management reports are available on the CSA website in the tab labeled “Statistics and Publications”. The

CPMT should consider adding utilization management/utilization review as a standing agenda item for their regularly scheduled CPMT meetings. The recorded minutes of the CPMT meeting should reflect a summary of CPMT's discussions and actions to be taken, if any. A copy of reports reviewed should be retained with the minutes.

Client Comment

"Agency's plan of correction is to:

1. Local CPMT/FAPT will begin utilizing UM/UR guidelines set forth by OCS, by providing local and statewide data provided in management reports to both teams in monthly meetings and discuss ways to improve outcomes and measure performance locally. Expected completion date March 2018.
2. Local CSA Coordinator will meet with OCS staff for a one on one training regarding UM/UR at the CSA conference. Expected date of completion: May 2018."

CONCLUSION

Our audit concluded that there was a deficiency in compliance and internal controls over the Floyd County CSA program. Conditions were identified that could adversely affect the effectiveness and efficient use of resources, accomplishment of program objectives, as well as compliance with statutory requirements. An exit conference was conducted on March 7, 2018 to present the audit results to the Floyd County CPMT. Person in attendance representing Floyd County CPMT were Ms. Tracie Brewster, CPMT Chair/Director of Department of Social Services and Ms. Stephanie Pfeil, CSA Coordinator.

Representing the Office of Children's Services was: Rendell R. Briggs, Program Auditor. We would like to thank the Floyd 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
Terri W. Morris, Floyd County Administrator
Tracie Brewster, CPMT Chair
Stephanie Pfeil, CSA Coordinator/CSA Fiscal Agent
SEC Finance and Audit Committee