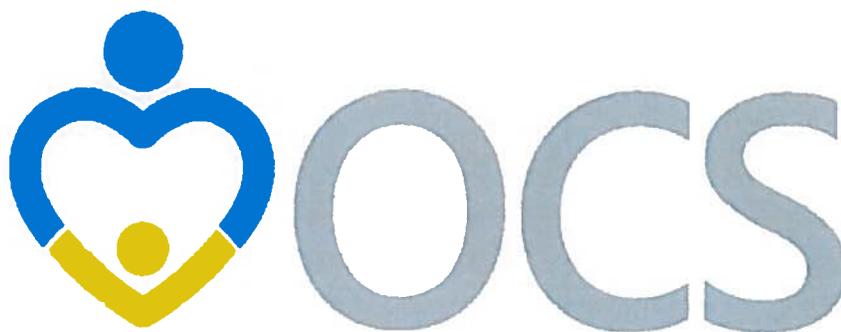


***CHILDREN'S SERVICES ACT
PROGRAM AUDIT***

Frederick County

Audit Report No. 12-2018

August 16, 2018



Office of Children's Services
Empowering communities to serve youth

TABLE OF CONTENTS

Executive Summary

Introduction 1

Background 2

Observations and Recommendations

A) CPMT Governance 3
(Community Policy and Management Team)

B) Fiscal Activities..... 3-4

Conclusion 5

Report Distribution 6

EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Frederick County Children's Services Act (CSA) program. Frederick County CSA program provided services and/or funding to 138 at-risk youth and families in fiscal year (FY) 2017. The audit included a review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2017, significant achievements for the Frederick County CSA program included:

- 100% of youth exiting foster care were placed in a permanent living arrangement, which is 17.6% above the statewide average and exceeds the established state target by 14%.
- 60% percent of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) scores within the child behavior/emotional needs domains, which is 11.3% above the statewide average.

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

- The CPMT has not documented a formal plan to substantiate coordination of long-range planning as required by the Code of Virginia (COV) § 2.2-5206.
- Frederick County CSA program did not fully take advantage of available fiscal resources that could be utilized to provide non-educational treatment services to students with disabilities. Only \$4,007.50 of the \$20,348.36 Special Education (SPED) WRAP allocation has been expended as of April 30, 2018 and as of July 16, 2018, \$6,835.00 has been expended.

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



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 Frederick County Children's Services Act 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 15, 2018 and covered the period May 1, 2017 through April 30, 2018.

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.

The scope of the audit included youth and their families who received CSA funded services during the last two (2) months of FY2017 and the first ten (10) months of FY2018. 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

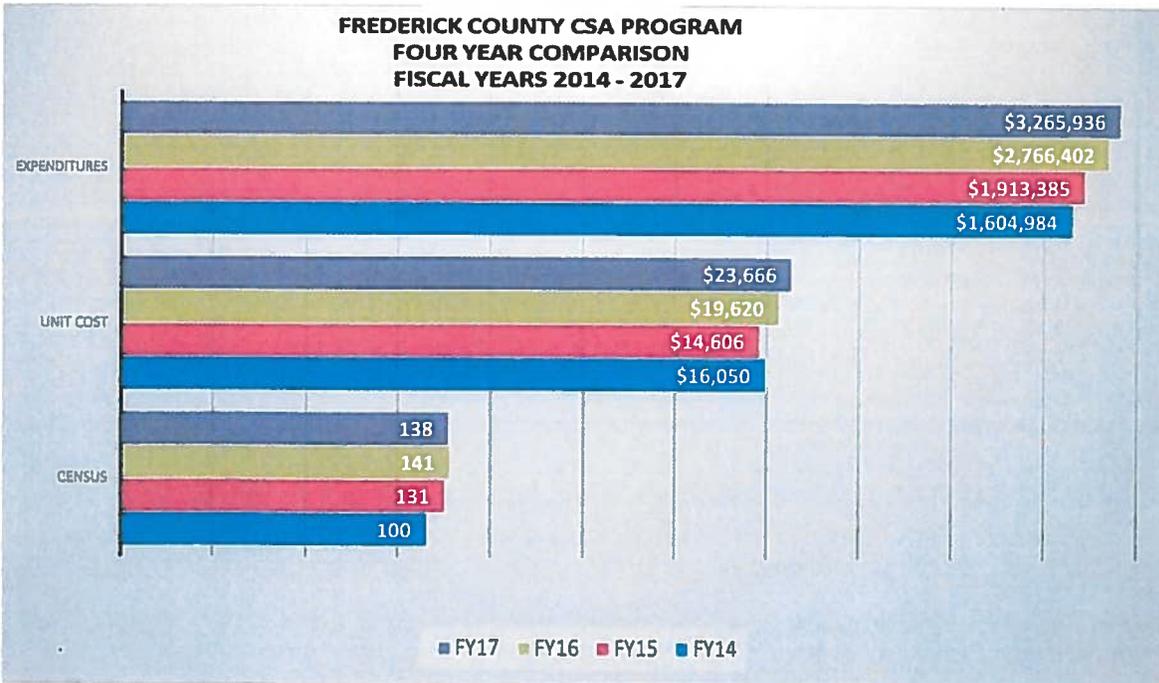
Frederick County was established in 1738 from Orange County, which encompassed present day Shenandoah, Clarke, Warren, and Frederick Counties and five (5) West Virginia counties. The county seat is the City of Winchester. According to the US Census Bureau Quick Facts, Frederick County estimated population in 2017 was 86,484 and median household income from 2012-2016 was \$68,929.

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 a local interagency team, referred to as the Community Policy and Management Team (CPMT) that plans and oversees services to youth. The CPMT is supported by a Family Assessment and Planning Team (FAPT) and Multidisciplinary Teams (MDT) responsible for recommending appropriate services to at-risk children and families, a CSA Coordinator, and a CSA Account Specialist. Expenditure demographics for fiscal 2014 to 2017 are depicted below.

CSA Pool & Census Data by FY for the Frederick County (2014-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
14	100	531	5%	\$ 1,604,984	\$ 141,342	10%	\$ 16,050	4%
15	131	31	31%	\$ 1,913,385	\$ 308,401	19%	\$ 14,606	-9%
16	141	10	8%	\$ 2,766,402	\$ 853,017	15%	\$ 19,620	34%
17	138	-3	-2%	\$ 3,265,936	\$ 499,534	18%	\$ 23,666	21%

Note: Changes recorded for FY 14 are based on difference from fiscal year 2014 to 2013



OBSERVATIONS AND RECOMMENDATIONS

A) CPMT GOVERNANCE

Observation #1:

Criteria:

Compliance and Internal Controls

The CPMT has not documented a formal plan to substantiate coordination of long-range planning that includes an assessment of current risks, strengths and needs of the existing system, as well as establishing and documenting measurable criteria for evaluating the effectiveness of the local CSA program. The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of the organizational governance. The absence of formal planning, coordination, and program evaluation to ensure that the goals and objectives of the program are met ultimately impacts the CPMT efforts to better serve the needs of youth and families in the community and to maximize the use of state and community resources.

Recommendations:

As required by CSA statute § 2.2-5206, the CPMT should develop, document, and implement a long-range plan to guide the locally administered CSA program. The process should include development of formal risk assessment process and measurable criteria to be used for evaluating program accountability and effectiveness.

Client Comment:

“Frederick County CPMT acknowledges the need for a formal strategic plan to establish long term goals, measure the effectiveness of the program, and ensure it functions efficiently. Throughout the upcoming fiscal year, the CPMT will develop a strategic plan to be completed by June 30, 2019.”

B) FISCAL ACTIVITIES

Observation #2:

Criteria:

Internal Control

Frederick County CSA program did not fully take advantage of available fiscal resources that could be utilized to provide non-educational treatment services to students with disabilities. Frederick County CSA Program initially received a total allocation of \$24,714 for fiscal year 2018 for “Special Education (SPED) Wrap-around” funding to provide community-based services to students with educational disabilities. In January 2018, OCS rescinded the allocation as no funds had been expended to date. However, the CPMT expressed an intent to spend \$20,348.36 and the OCS re-allocated the funds requested. As of April 30, 2018, only \$4,007.50 (20%) has been

expended and as of July 16, 2018, \$6,835.00 (34%) of the funds allocated has been expended. Underutilization of available funding creates a lost opportunity to address the needs and improve overall treatment outcomes for at-risk youth and families in Frederick County.

Recommendations:

Frederick County CPMT should optimize every opportunity available to increase and utilize funding to support the provision of services to at-risk youth and families in the Frederick County community, to include but not limited to utilizing SPED wrap-around funds.

Client Comment:

“Frederick County CPMT acknowledges that the SPED wrap-around funds were not utilized in full during FY18. The CSA office has trained case management staff on the eligibility criteria for youth to receive services from this pool of funds and will continue to do so. As a matter of savings to the county, however, the FAPT will determine if a youth is eligible for services under another mandate type prior to utilizing SPED wrap-around funds due to its higher match rate.”

CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Frederick County CSA program, particularly in reference to governance and fiscal practices. Conditions were identified that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on Wednesday July 23, 2018, to present the audit results to the Frederick County CPMT. Persons in attendance representing the Frederick County CPMT were as follows:

Tami Green, Social Services
Peter Roussos, Court Service Unit
Dr. Colin Greene, Health Department
Mark Gleason, Community Service Board,
Dana Bowman, Private Provider
Jackie Jury, CSA Coordinator
Annie Kennedy, CSA Account Specialist
Brittany Arnold, CSA Account Specialist

Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Frederick 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

Jay Tibbs, CPMT Chair
Frederick Deputy County Administrator

Kris Tierney, County Administrator
Frederick County

Michele Sandy, Former CPMT Chair,

Sharon Kibler, CPMT Fiscal Agent

Jackie Jury, CSA Coordinator

SEC Finance and Audit Committee