

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

Grayson County

Audit Report No. 09-2015

December 6, 2016



Office of Children's Services
Empowering communities to serve youth

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EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Grayson County Children's Services Act (CSA) program. The Grayson County CSA program provided services and/or funding for 59 and 49 at-risk youth and families in fiscal years (FY) 2015 and 2016 respectively. The audit included review and evaluation of management oversight, operational and fiscal practices. Grayson County Community Policy Management Team (CPMT) demonstrated that efforts were made to ensure that services were provided to eligible youth and families as evidenced by the following achievements:

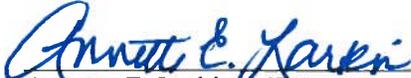
- A strategic goal of Grayson County CPMT is to reduce the financial obligation to Grayson County by keeping expenditures at or below \$700,000 annually. In FY 16, total net expenditures equaled \$472,957, which is a 34% reduction from FY15.
- In FY15, Grayson County exceeded the State target for family based placement of foster care youth by 9% with 94.4% of foster care children in a family based placement.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in CPMT management oversight. Conditions were identified that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. The following significant issue was identified:

- A formal process for documenting utilization management (UM) activity has not been implemented by Grayson County CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarizes in aggregate program outcomes to demonstrate accomplishment of local program goals and objectives and effectiveness of the services provided correlated with the funds 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.


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Program Audit Manager


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Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Grayson County Children's Services Act program. The audit was conducted in accordance with generally accepted government 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 December 6, 2016 and covered the period May 1, 2015 through April 30, 2016.

The objectives of the audit were:

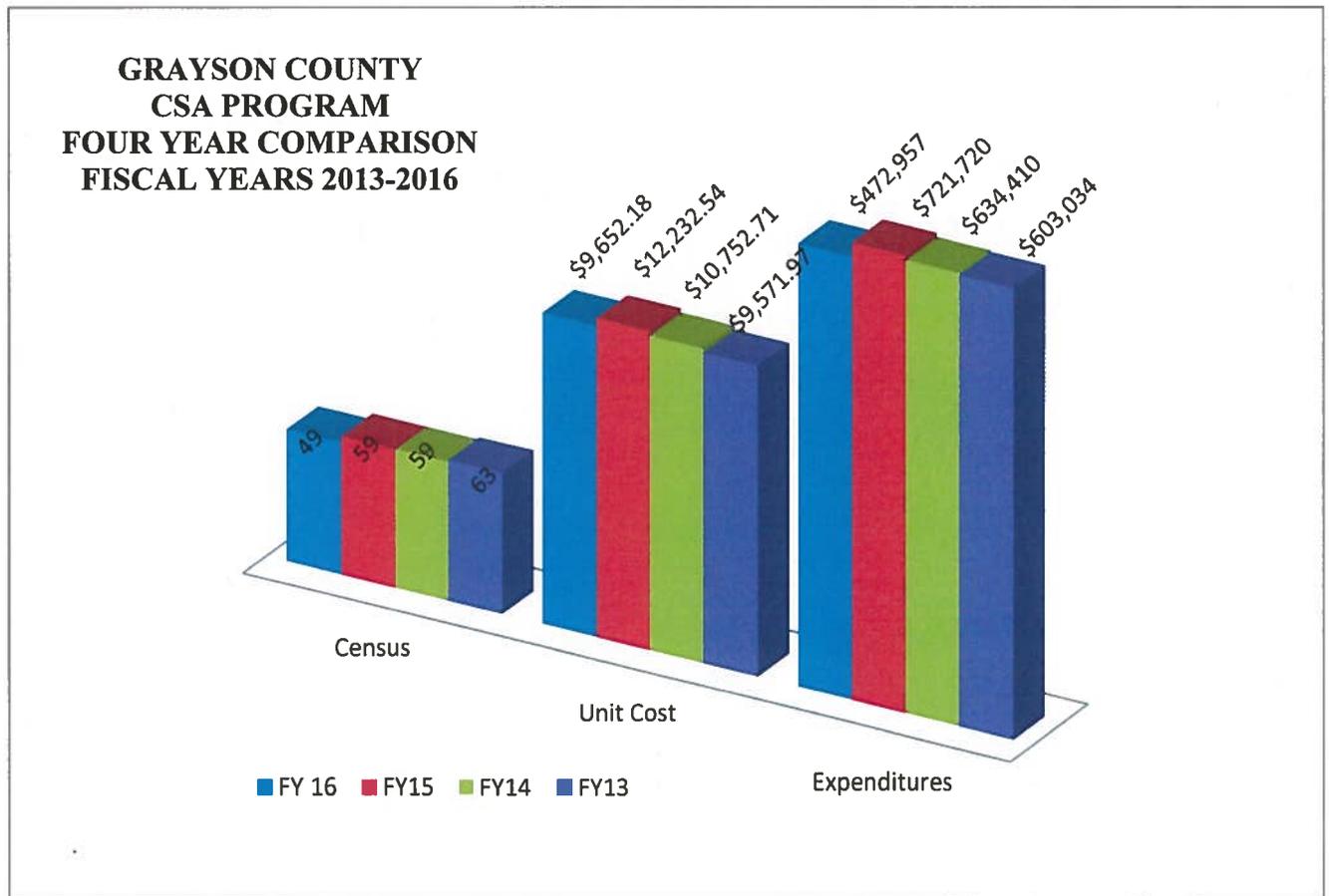
- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To assess whether operations 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 months of FY15 and the first ten months of FY16. Audit procedures performed included reviews of relevant laws, policies, procedure, 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

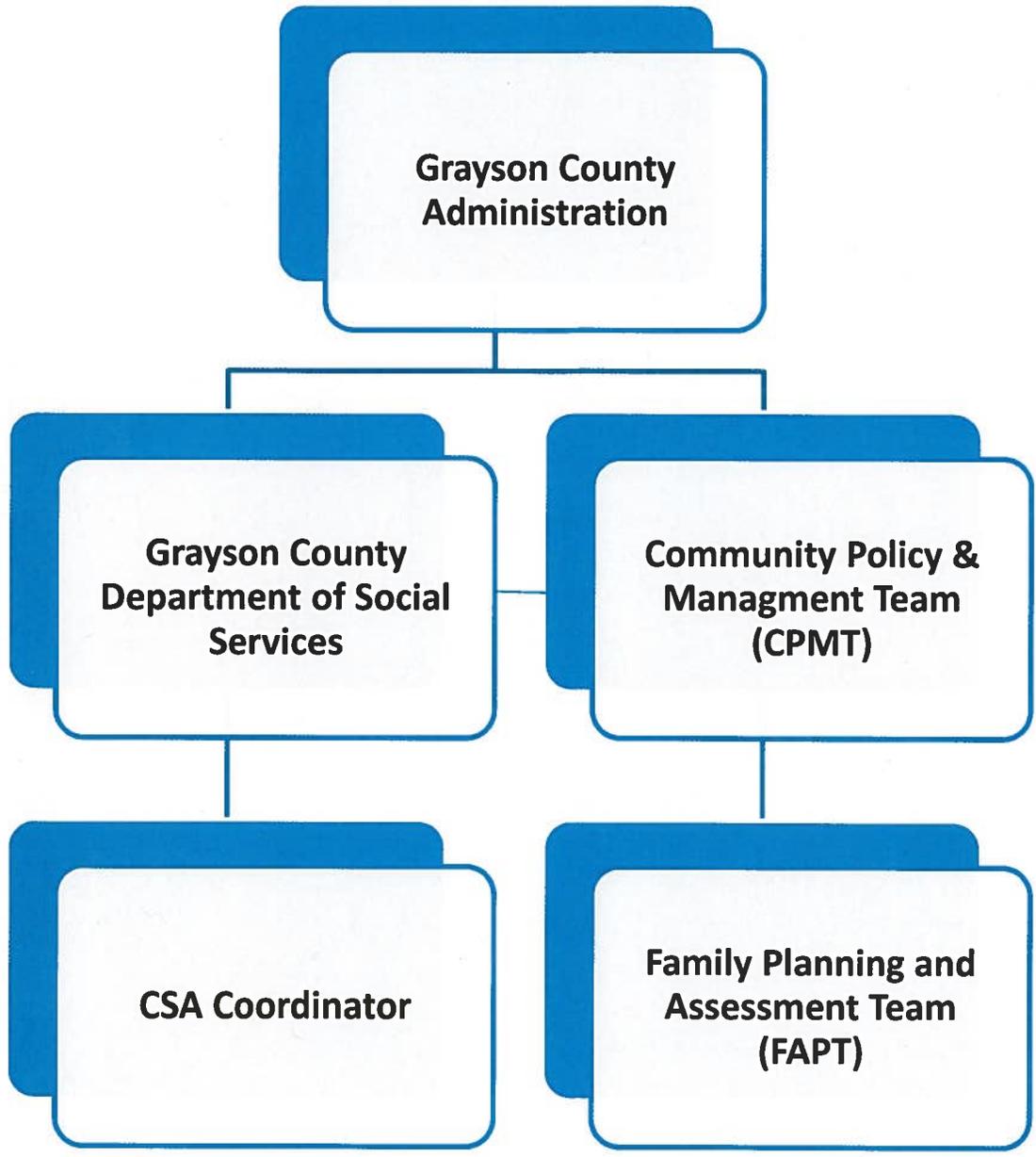
Grayson County, established in 1793, is located in the southwestern part of Virginia and borders the states of North Carolina and Tennessee. The county seat is the town of Independence. According to the US Census Bureau, State and County Quick Facts report, the estimated population in 2015 was 16,012 and the median household income from 2010-2014 was \$28,892.

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. Grayson County net CSA expenditures for FY15 totaled \$721,720, which was used to provide services to 59 at-risk youth and families. Based on reported figures for FY15, the average per capita cost for CSA was \$45.07. An analysis of Grayson County CSA's FY16 overall expenditures, the number of children served, and the cost per child (unit cost) indicates a decrease of 34%, 17% and 21% respectively, compared to FY15.



CSA state funds, combined with local community funds, are managed by a local interagency team, referred to as the Community Policy and Management Team (CPMT) which plans and oversees services to youth. Grayson County CPMT was established to comply with this statute. The CPMT is supported in this initiative administratively by a CSA Coordinator and a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to at risk children and families. The local management structure for the Grayson County CPMT is as follows:

Grayson County CSA Organizational Structure



OBSERVATIONS AND RECOMMENDATIONS

CPMT GOVERNANCE

Observation #1:

Criteria:

Compliance and Internal Control

A formal process documenting utilization management (UM) activity has not been implemented by Grayson County CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarizes in aggregate program outcomes to demonstrate accomplishment of local program goals and objectives and effectiveness of the services provided correlated with the funds expended. Grayson County CPMT strategic goals for its CSA program are as follows:

1. "Reduce the current number of children entering into out-of-home placement, due to CPS, special education needs, legal issues, or mental health issues by 50% by the end of FY 2019.
2. Effectively use community based services so the foster care prevention rate of cases which are provided with Community Based Services is 95%.
3. Keep Grayson County CSA Financial Obligation below \$700,000 annually.
4. Continue to update local policy and procedure in accordance with best practice and SEC directives."

However, there is no evidence in board minutes documenting a discussion of the above goals or reports provided tracking progress towards achievement of each strategic goal with the exception of expenditures. In addition, the CPMT has not reviewed 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, child and family outcomes, and performance measures. The CPMT had not tracked 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 Grayson County CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of organizational governance. The absence of formal program evaluation activities 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:

The CPMT should track and report on their progress in meeting their strategic goals and objectives to all stakeholders at least annually to bring about further awareness of the CSA program and to evidence a formal program evaluation activity.

Client Comment:

“The Grayson County CPMT will consistently track and will report on their progress in meeting their strategic goals twice annually, in our annual organizational meeting in January and during our final meeting of the fiscal year.”

Observation #2:

Criteria:

Internal Control

Opportunities exist for the CPMT to improve communication of the local CSA program’s philosophy, ethics, goals, objectives, policies and procedures and performance outcomes achieved by Grayson County CSA Program. While some information regarding Grayson County CSA Program is available on the county’s website, coordinated group training should be offered to existing and new CSA representatives to ensure stakeholders are knowledgeable of the purpose, the responsibilities of the CPMT, state requirements, local CSA policies and procedures and performance outcomes of the program. This information should be shared with new team members, community stakeholders and families to create greater awareness and understanding regarding accessibility to services, and also promote consistency in local implementation of the Act, to demonstrate high standards for sound fiscal accountability and responsible use of taxpayer funds.

Recommendations:

The CPMT should implement a process to enhance communication with partnering agencies, families, and community stakeholders to promote the local CSA program and share information on accessing services, philosophy, ethics, goals, performance etc. This could be accomplished by establishing a subcommittee to evaluate the effectiveness of its current training program. The subcommittee could be tasked with conducting periodic assessment of the training needs of its team members, developing a training curriculum for all stakeholders on CSA topics based on the results of the assessment. In addition, the CPMT should consider options of mandatory in service and/or refresher training surrounding access to services, local philosophy, goals and objectives of its local program, state and local policies and procedures at least annually for team members and case managers.

Client Comment:

“Grayson County CSA will establish a subcommittee to address community outreach and engagement, as well as the training and needs of team members and community partners.”

CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Grayson County CSA program, particularly in reference CPMT governance practices. Conditions were identified pertaining to the programmatic/statutory compliance and operating practices of the locally administered program that could adversely impact the effective and efficient use of resources, as well as non-compliance with statutory requirements. An exit conference was conducted on November 16, 2016 to present the audit results to the Grayson County CPMT. Persons in attendance representing the Grayson County CPMT were as follows: Anthony Isom, Chair and fiscal agent, Jonathan Sweet, County Administrator, Mike Hash, Board of Supervisor Representative, Sarah Bridgeman, Health Department and Jessie Whitaker, Mount Rogers Community Service Board. Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Grayson County Community Policy and Management Team and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

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Jonathan D. Sweet, County Administrator
Grayson County

Anthony Isom, CPMT Chair
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Renae Sizemore, CSA Coordinator

SEC Finance and Audit Committee