

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

***FINAL REPORT***

***Halifax County***

***Audit Report No. 18-2020  
June 11, 2021***



**Office of Children's Services**  
Empowering communities to serve youth

# TABLE OF CONTENTS

*Report Disclaimer*

*Executive Summary*

*Introduction* ..... 1

*Background* ..... 2

*Observations and Recommendations*

*A) Fiscal Activities* ..... 3 – 4

*B) Program Activities* ..... 4 – 5

*C) Records Access* ..... 5 – 6

*Conclusion* ..... 7

*Report Distribution* ..... 8

## Report Disclaimer

Due to the COVID-19 pandemic, onsite visits to conduct CSA program audits have been suspended until further notice. In lieu of onsite visits, audit procedures were conducted remotely. Audit procedures were divided into two phases (Governance and Client Record Reviews). Interim reports were issued on December 16, 2020 addressing governance activities and April 6, 2021 pertaining to client record reviews. However, three (3) of the ten (10) client files requested for examination were inaccessible due to ongoing renovations at the Halifax CSA offices. A timeframe to receive the remaining three (3) client records was established as April 15, 2021 and would be included in the final report. As of the date of this report, the remaining three files have not been furnished for inspection. Thus, client records review were deemed completed on April 15, 2021. This final report represents the full and completed evaluation of both phases of the audit engagement.

## EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has conducted an audit of the Halifax County Children's Services Act (CSA) program. The Halifax County CSA program provided services and/or funding to 91 youth and families in fiscal years (FY) 2020. The audit included review and evaluation of management oversight, operational and fiscal practices of the CSA program. A notable accomplishment of the Halifax County CSA Program as indicated by established CSA performance measures reported as of FY 2019 included the following:

The percent of youth indicating improvement in the Child and Adolescent Needs and Strengths (CANS) behavioral/emotional needs domain exceeded the statewide average by 11.5%.

However, there are additional opportunities to effect quality improvements in other areas of the CSA program. Our audit concluded that there were deficiencies in internal controls that affected compliance with statutory requirements. The following significant issues were identified:

1. Expenditure reimbursements were requested and processed for payment of services where CSA compliance was not met. Exceptions were noted for three (3) of the seven (7) (43%) client records examined. Specific non-compliance items identified include frequency of CANS administration and expenditures eligible for another funding source (Title IV-E). The total state share of questioned costs equals \$78,446.72.
2. Adequate controls over sharing sensitive and/or confidential information were not operating as intended. Public agencies referring children and families to the Family Assessment and Planning Team (FAPT) are required to obtain proper consent from the parent or guardian prior to sharing their information with partnering agencies. Four (4) of seven (7) (57%) files tested to date were missing Consent to Exchange Information forms. All clients were referred by the Halifax County Department of Social Services.
3. Audit examination of client records could not be fully completed because the records were not made available as requested. Per Halifax County CSA staff, three (3) of the ten (10) files requested for examination were inaccessible due to ongoing renovations at the Halifax CSA office. The Halifax CSA office was given two deadlines to produce the remaining files, with the latest due date being April 15, 2021. As of the date of this report, Halifax CSA was unable to provide a firm date for which the files will be available for review. As a result, we are unable to validate whether services funded from the state pool were in accordance with statutory requirements and/ policies pertaining to CSA. During the period of review, the total cost of services funded by for the client records that were not available for review was \$127,645.54. The state share of the expenditures equates to \$97,840.31, which may be subject to denial of funds due to the inability to verify compliance criteria was met in order to access CSA funds.

OCS appreciates the cooperation and assistance provided on behalf of the Halifax County CPMT and CSA staff. Formal responses from the Halifax County CPMT to the reported audit observations are included in the body of the full report.



---

Stephanie S. Bacote, CIGA  
Program Audit Manager



---

D. Brent Barcomb  
Program Auditor

## INTRODUCTION

The Office of Children's Services (OCS) has conducted a financial/compliance audit of the Halifax 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 June 11, 2021 and covered the period August 1, 2019 through July 31, 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 by OCS on and/or identified in the prior self-assessment evaluation completed by the Halifax County CSA in the audit report dated September 4, 2018.

The scope of this audit included all 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 CSA stakeholders, various tests and examination of records, and other procedures deemed necessary to meet the audit objectives (where validations could be completed remotely).

## BACKGROUND

Located in south, central Virginia, Halifax County was established in 1752 by English colonists and was named after the 2<sup>nd</sup> Earl of Halifax. Halifax County has a total area of 830 square miles. According to the U.S. Census Bureau’s Quick Facts, the July 1, 2019 population of Halifax County was 33,911 and the median household income from 2014-2018 was \$42,289.

The Children's Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for youth and their families. State funds, combined with local community funds, are managed by a local interagency team, referred to as the Community Policy and Management Team (CPMT) who plan and oversee services to youth. The CPMT is supported in this initiative by one 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 demographic information for fiscal years 2017 to 2020 are depicted below:

### CSA Pool & Census Data by Fiscal Year for Halifax 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>
<b>86</b>	<b>81</b>	<b>96</b>	<b>91</b>
Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count
<b>2.7M</b>	<b>3.0M</b>	<b>3.6M</b>	<b>4.0M</b>
Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditures
<b>2.6M</b>	<b>3.0M</b>	<b>3.5M</b>	<b>3.9M</b>
Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures
<b>\$30,476</b>	<b>\$36,874</b>	<b>\$36,284</b>	<b>\$43,225</b>
Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure
<b>0.2335</b>	<b>0.2335</b>	<b>0.2335</b>	<b>0.2335</b>
Base Match Rates	Base Match Rates	Base Match Rates	Base Match Rate
<b>0.2326</b>	<b>0.2290</b>	<b>0.2307</b>	<b>0.2279</b>
Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate

## OBSERVATIONS AND RECOMMENDATIONS

### A) FISCAL ACTIVITIES

**Observation #1:**

**Criteria** **Compliance and Internal Control**

The Halifax County CSA program was reimbursed for CSA funded services that did not meet criteria established by Code of Virginia (COV) statutes relevant to the Children’s Services Act (CSA) and the CSA Policy Manual. Exceptions were noted as follows in three (3 or 43%) of the seven (7) client records examined:

1. Per COV § 2.2-5212, access to the state pool of funds includes a determination through the use of a uniform assessment instrument and process. The Child and Adolescent Needs and Strengths (CANS) assessment is the approved uniform assessment instrument per CSA policy adopted in 2009. The CANS assessment is required initially, annually, and upon discharge from the CSA process. An annual CANS assessment had not been completed for two (2) out of the ten (10) client case files examined, resulting in questioned cost of \$73,475.00 of which \$56,318.59 represents the (state share). (See Table below)
2. CSA pool funds were used in lieu of Title IV-E to fund foster care maintenance expenses for Title IV-E eligible youth, resulting in total questioned cost of \$31,250.00 of which \$22,128.13 represents the state share. COV § 2.2-5211 states “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”. (See Table below)

Client	Error Type	Period of Services	Total Expenditures	State Share
6	1	8/1/2019 - 12/31/2019	\$22,950.00	\$17,591.18
8	1	8/9/2019 - 5/31/2020	\$50,525.00	\$38,727.41
2	2	1/1/2020 – 5/31/2020	\$31,250.00	\$22,128.13
<b>Total</b>			<b>\$104,725.00</b>	<b>\$78,446.72</b>

**Error Types:** 1- Annual CANS not completed; 2-Title IV-E eligible expense

This observation was included in the interim audit report issued April 6, 2021.

### Recommendation

1. Prior to recommending and authorizing funding, the Family Assessment and Planning Team and the Community Policy and Management Team (CPMT) should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation should be maintained as justification for CPMT funding decisions, such as but not limited to, the annual CANS have been completed and expenditures are not eligible for another funding such as Title IV-E.



2. The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observation 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 may be required.

**Client Comment**

1. Halifax County CSA is requesting dismissal or a reduction in funds submitted to the state for the two financial errors presented above for private day placements. During the approval process of the educational placements, the CSA Coordinator was on extended medical leave; therefore, there was an absence of a CSA Coordinator during the months of August 2019-October 2019. Halifax CSA prides itself on the improvements made over the past couple years obtaining the necessary documents for funding approval due to various tracking procedures implemented. The two cases reviewed are not the “normal” for our county processes. Any consideration regarding the funding reimbursements noted above is greatly appreciated.
2. Halifax CSA concurs with the observation of CSA funds used for a IV-E eligible client. The IV-E department is in the process of submitting a reimbursement to CSA.

**B) PROGRAM ACTIVITIES**

<b>Observation #2:</b>	
<b>Criteria</b>	<b>Compliance and Internal Control</b>

COV §2.2-5210 requires that consent to exchange information be obtained from the parent and/or legal guardian to share client information collected by partnering agencies and other providers with local CSA representatives. Failure to document that consent was properly obtained increases the likelihood of non-compliance with CSA and other agency statutory requirements and potential liability due to the unauthorized exposure of protected information. Instances of non-compliance were noted in four (4) out of seven (7) (57%) cases reviewed to date. All observations were for clients referred by the Halifax County Department of Social Services. This observation was included in the interim audit report issued April 6, 2021.

**Recommendation**

1. The Halifax County CSA Office and FAPT should ensure that consent to exchange information forms have been completed at the time of referral or immediately prior to the start of the FAPT meeting for all CSA cases.
2. Periodic case file reviews should be performed at least annually to establish quality control of client records and to ensure compliance with CSA statutory requirements.

### Client Comment

Halifax CSA agrees with the finding of consent to exchange information forms missing from cases referred by Halifax Department of Social Services. Action was taken to rectify this issue and will be noted in the Quality Improvement Plan.

### C) RECORDS ACCESS

#### Observation #3:

#### Criteria Compliance and Internal Control

Audit examination of client records could not be fully completed because the records were not made available as requested. Per Halifax County CSA staff, three (3) of the ten (10) files requested for examination were inaccessible due to ongoing renovations at the Halifax CSA office. The initial request for client files was made on December 9, 2020. The Halifax CSA office was given two deadlines to produce the remaining files, with the latest due date being April 15, 2021.

As of the date of this report, the Halifax CSA office was unable to provide a firm date for which the files will be available for review. As a result, we are unable to validate whether services funded from the state pool for those specific cases were in accordance with statutory requirements and policies pertaining to CSA. Likewise, these records would also be inaccessible to the Family Assessment and Planning Team (FAPT) should service planning be required for any eligible clients. During the period of review, the total cost of services funded by CSA for the client records that were not available for review was \$127,645.54. The estimated state share of the expenditures equates to \$97,840.31, which may be subject to denial of funds due to the inability to verify compliance criteria was met in order to access CSA funds.

Client	Foster Care Services Funded for the Period	Total Expenditures	Estimated State Share
3	2/1/2019 - 5/31/2020	\$35,458.45	\$27,178.90
5	6/1/2019 - 7/31/2020	\$72,623.09	\$55,665.60
10	5/1/2019 - 7/31/2019	\$19,564.00	\$14,995.81
<b>Total</b>		<b>\$127,645.54</b>	<b>\$97,840.31</b>

Note: Estimated State Share was calculated using the Halifax County effective Match Rate of 0.2335

#### Recommendation

1. Policies and practices should be immediately reviewed, revised, and/or established to ensure timely accessibility to CSA records.
2. The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observation 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 may be required.

## Client Comment

Although all CSA files were accessible during the entire audit process, including when the DSS office was undergoing office renovations, certain documents were inaccessible that were needed for the audit, located in the client's closed foster care files. Those items were locked in a file cabinet, and those files were placed in a storage room during renovations. The closed files could not be accessed once placed in the storage room due to other office supplies and furniture blocking access. Initially, an email was received with a list of cases on December 9<sup>th</sup>. However, the auditor noted in the email not to pull any information at that time as the OCS audit department was working on determining which documents were needed from client files and a more specific request would be made after an internal training session. In addition, Halifax DSS and CSA staff were also placed in quarantine during this time frame due to positive COVID cases in the workplace; therefore, access to any files was not possible.

On January 6th, 2021, Halifax received an email requesting the process to begin with client file reviews. Detailed document request lists indicating the information that was needed for each file accompanied the request. On January 5th, 2021, the DSS/CSA office renovations transpired within two weeks to complete renovations and access to the files. Unfortunately, the renovations were delayed numerous times beyond anyone's control. These delays extended from the two weeks initially agreed upon (auditor was initially made aware of this time frame and decided to wait until completion to submit documents) to a two-month period. Once the renovations were completed, the contracted moving company did not fulfill their obligations on the confirmed moving dates, and ultimately, the agency terminated the contract with said company. These circumstances are not typical and were a major inconvenience for all involved. The CSA office received access to the closed files the week after the April 15th deadline, and the CSA staff requested to extend the deadline to this timeframe, but the auditing department denied the request, citing that the actual timing to receive the documentation was undetermined and the length of time the audit had been open. Due to challenges faced in the unprecedented time of 2020 as a result of COVID-19, office renovations, and challenges with the moving company, we are requesting for the files to be reviewed at any time OCS requests or increase the next audit period by three additional files to offset the deficiency in this audit period.

## CONCLUSION

This audit concluded that there were deficiencies in internal controls relating to expenditure reimbursements and confidentiality. Conditions were identified that affected compliance with statutory requirements pertaining to oversight of operational and fiscal transactions. Exit conferences were conducted on December 16, 2020, March 23, 2021 and May 21, 2021 to present the audit results to the Halifax County CPMT. Persons in attendance representing the Halifax County CPMT were:

**CPMT:**

**December 16, 2020:** Martha Brizendine, CPMT Chair

**March 23, 2021:** Martha Brizendine, CPMT Chair; Kathy Andrews, Department of Social Services; Susan Bamberg, Parent Representative; Ryan McCoull, CSB Representative; Wanda Crews, Halifax Public Schools

**May 21, 2021:** Martha Brizendine, CPMT Chair

**CSA Staff:** Melinda Elliott, CSA Coordinator (present for all meetings)

Representing the Office of Children's Services was Donald Barcomb, Program Auditor.

We would like to thank the Halifax County CPMT and CSA staff for their cooperation and assistance on this audit.

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director

Office of Children's Services

Scott R. Simpson, Halifax County Administrator

Martha Brizendine, CPMT Chair

Kathy Andrews, Fiscal Agent

Melinda Elliott, CSA Coordinator

