

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

Henrico County

***Audit Report No. 14-2020
August 25, 2020***



Office of Children's Services
Empowering communities to serve youth

TABLE OF CONTENTS

Executive Summary

Introduction 1

Background 2

Observations and Recommendations

A) *Fiscal Activities*..... 3-4

B) *Program Activities* 4-5

C) *CPMT Governance* 6-7
(*Community Policy and Management Team*)

Conclusion 8

Report Distribution 9

EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Henrico County CSA Program. The Henrico County CSA Program provided services and/or funding to 441 eligible youth and families in fiscal year (FY) 2019. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide Children's Services Act (CSA) performance measures reported as of FY 2019, significant achievements for the Henrico County CSA Program were:

- Eighty-seven percent (87%) of youth served received community-based services out of all the youth served in Henrico, which exceeds the statewide target by 12% and the statewide average by 2%.
- Fifty percent (50%) of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) scores within the Behavior/Emotional Needs domain, which is 5% above the statewide average. Decreases in CANS score are indicative of improved functioning.
- Forty-eight percent (48%) of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) scores within the school domain, which is 2% above the statewide average. Decreases in CANS score are indicative of improved functioning.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were major deficiencies¹ 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:

- Expenditure reimbursements were requested and processed for payment of services where CSA compliance requirements were not met. Specific non-compliance items identified were: (1) eligibility requirements for youth requiring placement in a private day schools for special education services and (2) paying expenditures eligible for other funding source (Title IV-E). The total questioned cost equals \$38,964.32 of which \$24,333.22 represents the state share.
- Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Forty-eight (48) client case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and/or MDT referral and CPMT funding decisions. Omissions from client case file documentation included: individualized education program (IEP), discharge CANS assessments, parental co-pay assessments, and consent to exchange information forms.
- Adequate measures have not been established and/or implemented by the Henrico County CPMT to evaluate and ensure the accountability and effectiveness of the locally managed CSA program. Henrico County CPMT has not implemented a formal process documenting utilization management (UM) activity.



Stephanie S. Bacote, CIGA
Program Audit Manager



Annette E. Larkin, MBA
Program Auditor

¹ Major deficiency is defined as an internal control deficiency or combination of deficiencies that severely reduces the likelihood that the entity can achieve its' objectives." Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, May 2013.

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Henrico County 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 August 25, 2020 and covered the period January 1, 2019 through December 31, 2019.

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 implementation of quality improvement plans addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Henrico County CPMT. The audit report date was July 31, 2017.

The scope of the audit 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 in 1634 as one of the original eight shires in Colonial Virginia. Henrico borders the city of Richmond to the south, and the counties of Charles City (southeast), Chesterfield (south) Goochland (west) Hanover (north), New Kent (northeast) and Powhatan (southwest). According to the U.S. Census Bureau Quick Facts, the estimated population in 2019 was 330,818 and the median household income from 2014-2018 was \$68,572.

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, referred to as the Community Policy and Management Team (CPMT) that plans and oversees services to youth. The Henrico CPMT is supported by three (3) Family Assessment and Planning Teams (FAPTs) responsible for recommending appropriate services to eligible children and families. Administrative services are managed through local CSA office staffed by the CSA Coordinator, three (3) CSA Service Specialists and an Office Administrator. Expenditure demographics for fiscal 2017 to 2019 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard

At-A-Glance

<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
387	392	441
Distinct Child Count	Distinct Child Count	Distinct Child Count
12.5M	14.0M	16.7M
Gross Expenditures	Gross Expenditures	Gross Expenditures
12.3M	13.7M	16.6M
Gross Expenditures	Gross Expenditures	Gross Expenditures
\$31,735	\$35,050	\$37,717
Net Expenditures	Net Expenditures	Net Expenditures
0.3755	0.3755	0.3755
Average Expenditure	Average Expenditure	Average Expenditure
0.3750	0.3749	0.3710
Base Match Rate	Base Match Rates	Base Match Rates
Effective Match Rate	Effective Match Rate	Effective Match Rate

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation #1:

Criteria: Compliance and Internal Control

Expenditure reimbursements were requested and processed for payment of services where compliance with CSA statutes, policies and procedures were not met as follows:

1. Per Code Virginia (COV) [§ 2.2-5212](#), eligibility to access state pool funds requires placement for purposes of special education in approved private school educational programs which is evidenced by the student's approved individualized education program (IEP). Four (4) students did not have an approved IEP when services were rendered, resulting in questioned cost of \$36,115.04 of which \$22,553.84 represents the state share. Refer to the summary table for a detail breakdown of the questioned cost applicable to Clients A through D.
2. The IEP of one (1) student indicated the placement decision as “public school”. The intent of CSA is to ensure services provided are appropriate and in the least restrictive environment as determined by the IEP Team, while protecting the welfare of children and maintaining the safety of the public. Based on the placement decision documented in the student’s IEP as “public school”, the expenditures incurred for private day school services were not eligible for reimbursement from the state pool of funds. The total questioned cost equals \$2,750 of which \$1,717.38 represents the state share as detailed for Client E in the summary table.

A contributing factor to the breakdown in the internal control structure is inefficiencies in the process flow to secure funding authorization and initiate purchase of service transactions. The CSA Office forwards an approved expenditure authorization form (EAF) to Social Service’s finance office to generate a purchase order and invoice prior to the confirmation of an approved IEP. Public Schools use a Google document share drive that the CSA Office has access to download student IEPs. The CSA Office is relying on the public schools Case Manager to upload all IEPs and addendums, which is not consistently occurring.

3. 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.” CSA pool funds were used in lieu of Title IV-E funds for February 2019 foster care maintenance expenses for Title IV-E eligible youth (refer to Clients F and G in the summary table). The prorated costs paid by CSA equaled \$99.28. Upon notification of the error, Henrico County prepared an adjusting entry in May 2020 to reimburse CSA pool funds for the prorated maintenance cost. Thus, the net fiscal impact to CSA is null.

Client	Error Type	Period of Services	Total Expenditures	State Share
A	1	Jan 1, 2019- Mar 27, 2019	\$16,115.04	\$10,063.84
B	1	Feb 14, 2019 –Feb 19,2019	\$350.00	\$218.58
C	1	Jan 1, 2019 –April 26, 2019	\$18,750.00	\$11,709.38
D	1	Jan 1, 2019 -Jan 9, 2019	\$900.00	\$562.05
E	2	Jun 1, 2019 – Jun 14, 2019	\$2,750.00	\$1,717.38
F*	3	Feb 27, 2019 –Feb 28, 2019	\$33.64	\$0
G*	3	Feb 27, 2019 –Feb 28, 2019	\$65.64	\$0
Total			\$38,964.32	\$24,271.22
Error Description 1- Missing IEP; 2- CSA Eligibility, 3- Title IV-E / *Exceptions Identified from Title IV-E Compliance Report				

Recommendations:

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation, such as but not limited to, verifications of Title IV-E eligibility determination and current IEPs should be maintained as justification for CPMT funding decisions.
2. The CPMT should reevaluate its' current practice with the CSA Office obtaining current IEPs from public schools using the Google document share drive as current IEPs are not being uploaded consistently. EAFs and purchase orders should not be approved where the CSA Office cannot confirm eligibility as indicated in a current approved IEP.
3. 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:

“HPMT has been evaluating the effectiveness of the practice / process that has been in place for obtaining required documentation for pool funds associated with Special Education. Effective July 1, 2020, the Henrico Board of Supervisors adopted the FY21 budget which shifted the management of private day funding to Henrico County Public Schools. The local CSA policy manual has been updated per HPMT approval to follow that shift effective 7/23/2020. The Bylaws now reflect that the HPMT / HCPS designated authority will retain the responsibility to determine eligibility, authorize, and approve all payments for Special Education services according to the standards set by the Office of Children’s Services. This will ensure that the intent of the IEP team is documented clearly and eligibility for CSA funds are determined and documented as such in the student’s IEP. CSA has provided, and will continue to provide training on CSA eligibility requirements related to Special Education private day funding. The HPMT HCPS designated authority will report SPED expenditures to the HPMT. A Quality Assurance and Utilization Management for Private Day School Placements policy was also adopted 7/23/2020; which states that the CSA office will perform utilization review by pulling a random sampling of students who are receiving their education in a Special Education Private Day School. A thorough review of the youth’s case file will occur quarterly to ensure that eligibility for CSA funds has been determined and those documents are accessible in the student’s electronic record.”

B) PROGRAM ACTIVITIES

Observation #2:

Criteria:

Compliance and Internal Control

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Forty-eight (48) client case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and/or MDT referral and CPMT funding decisions. Documentation missing from case files reviewed and/or was not properly managed in accordance with local practices and procedures is listed in the table below:

Description	# of Cases	Error Rate
1. Missing Discharge CANS (9 eligible cases); SEC Policy 3.6.5 Frequency of CANS Administration	5/9	56%
2. Missing/incomplete consent to exchange information forms; COV § 2.2-5210 and CSA Policy 3.5 Records Managements	3/48	6%
3. Parental Co-Payment Assessments and Collections (10 eligible cases). Two (2) assessments were not forwarded to DSS finance to initiate collection and one (1) assessment where no collections were recorded during the audit period. Community based services funded for the three clients from January 2019 through August 2019 equaled \$36,973.41. Copays totaling \$6,740 were not collected, representing the missed opportunity to offset the CSA expenditures. COV § 2.2-5208 , 2020 Appropriations Act Item 292 E, and CSA Policy 3.5 Records Management	3/10	30%

Insufficient data collection and poor document management in service planning may lead to increased operational and fiscal inefficiency and ineffectiveness of the local program. Further, this condition fosters an environment that makes the program susceptible to potential loss of access to State funding as a result of non-compliance with CSA statutes and/or policies.

Recommendations:

1. The FAPT and/or the CSA Coordinator should ensure that minimum documentation requirements are met and maintained in client case files, such as but not limited to, discharge CANS, parental co-pay assessment and collections, and complete consent to exchange information forms.
2. The CSA Coordinator or staff members should ensure that parental co-pay assessment are forwarded to social services' finance department to initiate the collection activities. In addition, collection reports should be provided the CSA office monthly, to verify that payments are received for all assessed cases. Delinquent accounts should be communicated to the CPMT at least quarterly and managed in accordance with locally established collection procedures.
3. 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:

“ 1 and 3. – The designated CSA staff will ensure that minimum documentation requirements are met and maintained in the electronic case records. This will include, but is not limited to CANS, copayment assessments, and consent to release information forms. Measures to ensure that updated release of information forms are filled out once custody transfers from one party to another (ie: parent to DSS foster care). In order to ensure compliance with CSA statutory requirements, CSA staff will conduct periodic quality control reviews of client's electronic files. CSA staff will also engage with Child Welfare Division Manager or Services Assistant Director to ensure foster care discharge CANS are completed.

2. Effective 7/23/2020, a new CSA Parental Contribution Policy was adopted. This new policy will ensure that families are assessed fairly and consistently. The policy outlines the process by which parental copayment assessments are forwarded to the DSS Finance department to initiate the setting up of claims and collections. Collection reports will be provided to the CSA office and CSA will report those collections, as well as delinquent accounts, to the HPMT quarterly.”

C) CPMT GOVERNANCE

Observation #3:

Criteria:

Compliance and Internal Control

Formal performance measures and utilization management practices and procedures to assess overall program effectiveness have not been established in accordance with [§2.2-5206](#) items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence utilization management/utilization review (UM/UR) activities to include:

1. reviewing local and statewide data provided in the management reports on the number of children placed out of state, demographic, types of services provided, duration of services, services expenditures, child and family outcomes, and performance measures.
2. 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 settings, or their community.

Utilization management is a key element in the Community Policy and Management Team's (CPMT) monitoring activities and assessing the appropriateness and effectiveness of services purchased, which is critical to ensure the CPMT is well informed when carrying out its decision-making responsibilities.

Recommendations:

The CPMT should review and analyze data in management reports provided by OCS management reports least annually and provide this information to all stakeholders to bring about further awareness of the CSA program to evidence a formal program evaluation activity. The OCS Management reports are located on the CSA website specifically but not limited to:

- [OCS Continuous Quality Improvement Dashboard](#)
- [CSA Utilization Reports](#)
- [OCS Reports to the General Assembly](#)

Client Comment:

"HPMT will be reviewing and analyzing data that is provided in the OCS management reports at a minimum of once a year. This will ensure that all stakeholders are made aware and the program is evaluated effectively. Discussion of this will be documented in the minutes."

Observation #4:

Criteria:

Compliance and Internal Control – Repeat Observation

The membership of the Family Assessment and Planning Team (FAPT) does not meet the membership requirements as established by the Code of Virginia (COV) [§ 2.2-5207](#) and local policy. The composition of members serving on two (2) of the three (3) FAPTs does not include a parent representative as required by the statute. CPMT minutes do not evidence any recruitment activities to secure parent representatives during the audit period. Service planning is contingent upon participation by all members. The absence of the parent representative from the team responsible for service planning could potentially impede the

achievement of the highest degree of multi-disciplinary collaboration ensuring family advocacy. This observation was identified in the audit completed July 31, 2017. Henrico CPMT has submitted an updated quality improvement plan with a target date of completion of May 21, 2021.

Recommendations:

The CPMT should ensure that all FAPT positions required by the COV are filled. The CPMT should actively and continuously perform recruitment activities when vacancies occur. In addition, the CPMT should document their recruitment efforts in the CPMT meeting minutes

Client Comment:

“HPMT will continue to actively recruit a parent representative for all of our FAP Teams as we only have one parent rep for one of our 3 teams currently. All recruitment efforts will be discussed and documented in the HPMT meeting minutes.”

CONCLUSION

This audit concluded that there were major deficiencies in compliance and internal controls over the Henrico CSA, particularly in reference to governance and fiscal practices. Conditions were identified that could affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on July 23, 2020, to present the audit results to the Henrico County CPMT. Persons in attendance representing the Henrico County CPMT were as follows:

Brandon Hinton, Deputy County Manager, Community Services, CPMT Chair
Ty Parr, Director, Social Services
Laura Totty, Director, Mental Health & Developmental Services
Kathy Jones, Director, Court Services Unit and Probation
Ed Martin, Superintendent, Juvenile Detention Center
Danny Avula, Health Department Director
Chris Sorenson, Public Schools
Emily Clark, Private Provider Representative
Kae Zulager, Parent Representative
Hugh Field, Social Services Controller, CPMT Fiscal Agent
Tracy E. Johnson, CSA Coordinator
Kasey Lumpkins, CSA

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

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services
John Vithoulkas, Henrico County Manager
Brandon Hinton, CPMT Chair,
Deputy County Manager
Hugh Field, CPMT Fiscal Agent
Controller, Henrico County Department of Social Services
Tracy E Johnson, CSA Coordinator
Vaughan G. Crawley Internal Audit Director
Henrico County Internal Audit