



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

OFFICE OF CHILDREN'S SERVICES *Administering the Children's Services Act*

April 3, 2017

Ms. Catherine Halterman, CPMT Chair
Highland County CSA Program
1764 Valley Center Road
Monterey, VA 24465

RE: Highland County CSA Program Self-Assessment Validation, File No. 50-2015

Dear Ms. Halterman,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Years 2016, the Highland County Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local Children's Service Act (CSA) Program. An on-site visit was scheduled and conducted by OCS Program Auditors on June 13, 2016 to perform the independent validation phase of the process.

Based on the review and examination of the self-assessment workbook and supporting documentation provided by the Highland County CSA program, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Highland County CPMT. We agree that significant observations of non-compliance and/or internal control weaknesses were found in the design or operation of the processes or services conducted on behalf of the Highland County CSA program. The explanation for our assessment results are as follows:

Validation procedures of the locally prepared CSA Self-Assessment Workbook identified major deficiencies¹ indicating non-compliance in the local CSA program. Non-compliance with the statutory requirements of CSA is considered significant because the local program is not operating fully in accordance with the laws of the Commonwealth. An adequate system of internal controls is contingent upon consistent and proper application of established policies and procedures affecting CSA funded activities, as well as monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure are considered significant. Highland County CPMT did not prepare and submit a quality improvement plan to address identified deficiencies, thus specifics pertaining to the Highland County CSA Program that requires management's attention are detailed on pages two (2) through four (4).

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.

SIGNIFICANT NON-COMPLIANCE OBSERVATIONS

1. The Highland County CPMT has not coordinated and documented a formal long-range plan that includes an assessment of the current risks, strengths and needs of the existing program. The CPMT has not explicitly identified performance measures, objectives, and strategies to aid in evaluating the effectiveness and accountability of the local CSA program. Criteria: Code of Virginia (COV) §2.2-5206 Items 4,6, and 13
2. The Highland County CPMT has not established formal performance measures and utilization management practices and procedures to assess overall program effectiveness. Monthly meeting minutes and accompanying reports did not evidence utilization management/utilization review (UM/UR) activities 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.”
 - “track 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.”Criteria: COV§2.2-5206, Items 6 and 13
3. Existing Highland County CSA policies and procedures are not consistent with established state CSA requirements, which direct the CPMT to ensure procedures are established to govern local CSA programs. A review of Highland County CPMT policies and procedures noted the CPMT does not have specific policies governing:
 - Parental ability to contribute financially to the cost of such services, except when prohibited by law or regulation.
 - Intensive Care Coordination.
 - Obtaining and development of bids on new services.
 - Records Management.Criteria: COV § 2.2-5206 and CSA Policy Manual Section 3.5, Records Management

RECOMMENDATIONS

1. The Highland County CPMT should coordinate with CSA stakeholders', to develop, document, and implement a long-range plan to guide the locally administered CSA program. The process should include development of a formal risk assessment process and measurable criteria to be used for evaluation of program accountability and effectiveness. The CPMT could initiate the discussion using information collected in the most recent Annual GAP Survey that has been completed by the Highland County CPMT.
2. The CPMT should develop and implement a process that requires periodic reporting of aggregate data collected regarding the status of utilization review/management activities. The CPMT should also evaluate the achievement of its stated goals and objectives and report progress to all stakeholders at least annually.
3. The CPMT should review and revise local CPMT and FAPT bylaws and policy/procedure manuals to ensure: (a) alignment with current CSA statutes and polices adopted by the State Executive Council for Children's Services (SEC), (b) removal of outdated references, and (c) establishment of policies to govern intensive care coordination, records management, and parental copayments. In addition, the CPMT should adopt a policy that will address the frequency of review of current policies.

SIGNIFICANT INTERNAL CONTROL WEAKNESSES

1. Highland County CSA representatives do not always practice adequate separation of duties for service planning, funding authorizations, and daily operational activities. Exceptions were noted as follows:
 - According to the roster maintained on the CSA website, the same individual is listed as the CSA Coordinator, CPMT Fiscal Agent, and Pool Fund Report Preparer. Therefore, one person is primarily responsible for initiating, executing, and reporting on CSA funded activities.
 - The Court Services Unit (CSU) has designated one individual to serve on both CPMT and FAPT. The organization chart presented identifies the CSU representative as the FAPT Chair. Staff interviewed stated that the CSU representative is a not voting member on the CPMT; however, the limitation was not reflected on the official roster. Further, CPMT minutes reviewed did not show the CSU representative abstaining from funding votes.

This practice circumvents the internal control inherent in the Children’s Service Act to delineate responsibilities for service planning, funding authorization, and overall program oversight. Criteria: COV §2.2-5206, COV §2.2-5208, and DOA ARMICS Control Environment and Control Activities
2. Information and data security practices and procedures pertaining to CSA client records have not been consistently applied to ensure that sensitive and confidential information maintained is readily accessible and adequately secured from unauthorized access and/or alteration. Specifically, the client records are stored in a locked file cabinet that is not fire proofed and is located in an employee’s personal residence. Criteria: DOA ARMICS, Control Environment and Control Activities
3. The by-laws and policy/procedure manuals adopted by the CPMT and FAPT were not aligned with current state statutes, policies, procedures and practices as noted by the following exceptions:
 - Article IV- Powers and Duties- does not reference the requirement to develop: (1) policies for parental referrals, (2) ICC polices, and (3) dispute resolution policies.
 - Article VII- Section 2- Meetings Quorum- references a telephone vote may be used. However, specific conditions must be met per the Freedom of Information Act (FOIA) that pertain to telephone participation by CPMT members and should be clarified in the policy manual.
 - FAPT Bylaws- Policy and Procedures to Govern Provision of Services (Page 4 and 5) - the existing language and code references do not align with current language in state statutes.
 - FAPT Bylaws- Eligible Population (Page 14)- incorrectly references that youth may be served with non-mandated funds beyond the youth’s 18th birthday where services were initiated prior to his/her 18th birthday.
 - FAPT Bylaws- Emergency Services– does not clarify that assessment by the FAPT is required within 14 days of the placement. Submitting the paperwork to the CSA Coordinator does not ensure that FAPT assessment would occur within that timeframe.

Criteria: DOA ARMICS, Control Environment
4. Opportunities exist for the CPMT to establish a comprehensive training program to ensure competency of and consistency in local practices by stakeholders tasked with local implementation of CSA. At the time of this review, the annual training of local CSA stakeholders had not been provided in accordance with locally established policies and procedures. CPMT minutes indicate the last training was November 2014 from OCS. Criteria: DOA ARMICS, Control Environment and Highland County CSA Policy Manual

RECOMMENDATIONS

1. The CPMT should review and revise existing policies and practices to ensure adequate segregation of duties is maintained.
2. The CPMT should ensure that official government documents are retained and stored on official public premises to ensure availability and that records are protected from unauthorized access and/or alteration.

RECOMMENDATIONS CONTINUED

3. The CPMT should initiate an immediate review of Highland County CSA policies and procedures, which should be revised as necessary to reflect current state and local CSA practices and requirements. The CPMT should also implement a process for managing procedure reviews to ensure local procedures are relevant and consistently reflect current practices and requirements.
4. The CPMT should implement process to ensure stakeholders receive annual training in accordance with their local policy and procedures manual. An annual report on continuing education acquired/provided by CPMT and FAPT members as well as participation by community stakeholders (i.e. parent representatives, private provides etc.) should be maintained.

CLIENT COMMENTS

Thank you for the information you sent regarding our Audit in June of 2016! The Highland Co. CPMT and FAPT has gone through a major overhaul since your visit and corrected as many things as I had noted during your visit. I will send you verification of all corrections within the next week. While I am sure there is probably something we have overlooked, we are meeting again on Monday and I will let the teams know of your draft response.

While I have not pulled the paperwork associated with your audit visit, I can provide documentation to support the change to Page 2. (2.) to tell you that we do now review local and statewide data on a regular basis.

Page 2. (3.) CPMT now has specific policies governing all noted bullets.

Page 3. (1.) Separation of duties have been initiated. I do need to check the CSA website to see if it has been updated. CSU still has only one individual to serve on both CPMT and FAPT, however, this representative is not a voting member of CPMT nor is this person hold a chair.

(3.) All bullets have been addressed by revision to by-laws of CPMT and FAPT to current state statutes, policies, procedures and practices as noted.

(4.) Training opportunities occur regularly during FAPT and CPMT as well as sometimes jointly depending upon the subject matter. A roster of each is kept for reference.

Page 4. Immediate reviews were held after your visit to change what could be done at that time. We have revised and adopted said changes.

We respectfully request that you allow us up to 90 days to complete the Quality Improvement Plan for Highland County. We also thank you for coming to Highland and helping us to improve our CSA program.

If you need further information prior to our 30day response, please let me know.

Thank you so much!
Beth Armstrong
CSA Coordinator

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The Office of Children's Services respectfully requests that you submit a quality improvement plan to address the observations outlined in this report no later than 30 days from receipt of this report. In addition, we ask that you notify this office as quality improvement tasks identified are completed. Per your response, the quality improvement plan is anticipated to be completed within 90 days. OCS will conduct a follow up validation to ensure the quality improvements have been implemented as reported.

We would like to thank the Highland County Community Policy and Management Team and related CSA staff for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the assistance and cooperation that was provided by Ms. Beth Armstrong, CSA Coordinator during our on-site visit. Her efforts enabled the audit staff to resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,


Stephanie Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
Roberta Lambert, County Administrator
Beth Armstrong, CSA Coordinator/CPMT Fiscal Agent
SEC Finance and Audit Committee