

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

***King and Queen County***

***Audit Report No. 18-2019  
August 22, 2019***



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

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## EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the King and Queen County Children's Services Act (CSA) program. The King and Queen County CSA program provided services and/or funding for 15 youth and families during fiscal year (FY) 2018. The audit included review and evaluation of management oversight and operational and fiscal practices. Based upon established statewide CSA Performance Measures – FY 2018, significant achievements for the King and Queen County CSA program include:

1. Sixty-seven percent (67%) of youth received community-based services out of all CSA youth, which exceeds the statewide average by 13.7% and the established performance target by 16.7%.
2. One hundred percent (100%) of foster care children are in family-based placements, which exceeds the statewide average by 19.1% and the established performance target by 15.0%.

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. Expenditure reimbursements were requested and processed for payment of services where CSA compliance was not met. Specific non-compliance items identified were in the areas of: (1) Title IV-E eligible expenses paid by CSA and (2) Initial Child and Adolescent Needs and Strengths (CANS) assessment was not completed, causing an overpayment in state share of expenses. The questioned cost totaled \$3,604.20 of which the state share was \$2,541.78.

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



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Stephanie S. Bacote, CIGA  
Program Audit Manager



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D. Brent Barcomb  
Program Auditor

## INTRODUCTION

The Office of Children's Services (OCS) has completed a financial/compliance audit of the King and Queen 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 August 22, 2019 and covered the period April 1, 2018 through March 31, 2019.

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 and/or identified in the prior self-assessment evaluation conducted by the King and Queen County CPMT. The CSA program audit self-assessment validation was completed March 14, 2017.

The scope of our audit included all youth and their families who received CSA funded services during the audit period. Audit procedures performed included reviews of relevant laws, policies, procedures, and regulations; interviews with various CSA stakeholders; various tests and examination of records; and other audit procedures deemed necessary to meet the audit objectives.

## BACKGROUND

King and Queen County encompasses 326 square miles in the Middle Peninsula of Virginia. It was established in 1691 from New Kent County and is named for King William III and Queen Mary II of England. According to the U.S. Census Bureau's Quick Facts, the July 1, 2018 population of King and Queen County was 7,042 and the median household income was \$51,495.

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 part-time CSA Coordinator. Expenditure and demographic information for fiscal years 2016 to 2018 are depicted below:

**CSA Pool & Census Data by Fiscal Year for King and Queen County  
(2016-2018)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2016	18	0	0%	\$678,047	\$20,345	3%	\$37,669	3%
2017	11	-7	-39%	\$340,701	-\$337,346	-50%	\$30,973	-18%
2018	15	4	36%	\$336,396	\$-4,305	-1%	\$22,426	-28%

Note: Changes recorded for FY 2016 are based on differences from fiscal year 2015 to 2016.

FY	Pool Expenditures
2016	\$678,047
2017	\$340,701
2018	\$336,396

FY	Census
2016	18
2017	11
2018	15

FY	Unit Cost
2016	\$37,669
2017	\$30,973
2018	\$22,426

## OBSERVATIONS AND RECOMMENDATIONS

### FISCAL ACTIVITIES

#### Observation #1:

Criteria Compliance and Internal Control

Expenditure reimbursements were requested and processed for payment of services where CSA compliance was not met. Specific non-compliance items identified were in the areas of: (1) Title IV-E eligible expenses paid by CSA; and (2) Initial Child and Adolescent Needs and Strengths (CANS) assessment was not completed, causing an overpayment in state share of expenses. The questioned cost totaled \$3,604.20 of which the state share was \$2,541.78.

1. Upon determination of Title IV-E eligibility, CSA was not reimbursed for maintenance costs for two (2) of five (5) (40%) eligible clients.
2. An initial Child and Adolescent Needs and Strengths (CANS) assessment was not completed for one client, as required by COV [§ 2.2-5212](#). The CANS assessment is the approved uniform assessment instrument per CSA policy adopted in 2009.

The Code of Virginia (COV) [§ 2.2-5206](#) directs the CPMT to “establish quality assurance and accountability procedures for program utilization and funds management.” Questioned Cost are summarized in the chart below:

Summary of Questioned Costs				
Client	Exception	Total Expense	State Share	Questioned Cost (State)
Client #3	#1: Un-reimbursed Title IV-E eligible expenses	\$ 1,643.88	\$0.6856	\$ 1,127.04
Client #4	#1: Un-reimbursed Title IV-E eligible expenses	\$ 1,510.32	\$0.6856	\$ 1,035.48
Client #5	#2: Missing CANS	\$ 450.00	\$0.8428	\$ 379.26
<b>Net Fiscal Impact</b>		<b>\$ 3,604.20</b>		<b>\$ 2,541.78</b>

#### Recommendation

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding and appropriate funding sources. Adequate documentation should be maintained as justification for CPMT funding decisions such as, but not limited to, CANS (initial and annual).
2. The Coordinator and the CPMT should require reimbursements for basic and/or enhanced maintenance costs paid by CSA upon the child being found eligible for Title IV-E funding and verify adjustments are appropriately reported in CSA pool fund expenditure reports.
3. 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

The King and Queen CPMT concurs with the finding regarding the missing CANS. The CSB Case Manager reportedly completed the CANS on paper instead of in the electronic system as required. The Case Manager then went on maternity leave and another Case Manager assumed case management of the case, and did not know that the CANS had not been completed. There was also a change of CSA Coordinators in the same time period, so the tracking of the CANS by the CSA Coordinator was not optimal during that time frame. The CPMT has assigned the CSA Coordinator to develop a tracking tool to ensure that all CANS are completed, as required by COV § 2.2-5212.

The King and Queen CPMT concurs with the finding that CSA was not reimbursed by IV-E for maintenance costs for two (2) clients after the clients were deemed IV-E eligible. This was an administrative oversight error and was in part due to the absence of training for the professionals that perform these financial functions.

## CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls relating to expenditure reimbursements and financial reporting. Conditions were identified that affected compliance with statutory requirements pertaining to governance and oversight of operational and fiscal transactions. An exit conference was conducted on August 14, 2019 to present the audit results to the King and Queen County CPMT. Persons in attendance representing the King and Queen County CPMT were:

**CPMT:** Betty Dougherty, Department of Social Services - CPMT Chair; Tina Ammons, County Administrator; Emily Eanes, Community Service Board; Joseph Wright, Court Service Unit; Dr. Carol Carter, King and Queen County Schools; Nikki Hill, King and Queen County Health Department

**CSA Staff:** Brittany Lawson, CSA Coordinator; Linda Cooke, CSA and DSS Administrative Officer

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

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

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services

Thomas J. Swartzwelder, King and Queen County Administrator

Betty A. Dougherty, CPMT Chair and Fiscal Agent

Brittany Lawson, CSA Coordinator