

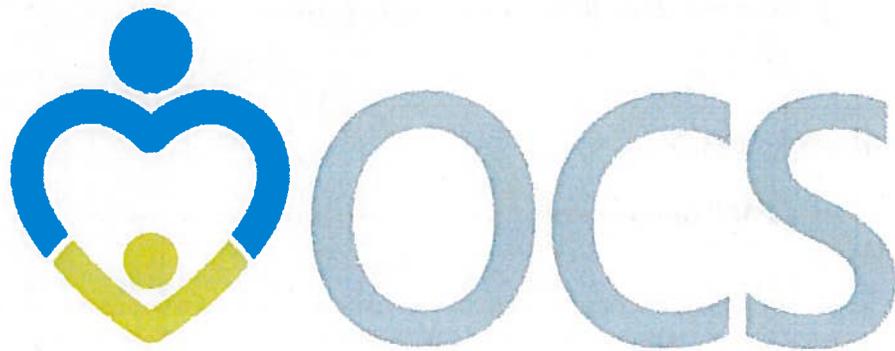
***CHILDREN'S SERVICES ACT***

***PROGRAM AUDIT***

***Mecklenburg County***

***Audit Report No. 13-2018***

**July 24, 2018**



**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 Mecklenburg County Children's Services Act (CSA) program. Mecklenburg CSA program provided services and/or funding to 90 at-risk youth and families in fiscal year (FY) 2017. The audit included a review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2017, significant achievements for the Mecklenburg CSA program included:

- In FY2017, 61.1% of the youth received community based services out of all youth served by Mecklenburg County, exceeding the statewide target by 11.1%.
- In FY2017, 90% percent of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) scores within the school domain, which is above the statewide average of 41.6% and an increase of 17.8% from Mecklenburg's FY2016 rating.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were major deficiencies<sup>1</sup> in compliance and internal controls particularly in reference to operational, 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 were not met. Specific non-compliance items identified were in the area of continuation of congregate care for a youth beyond his/her 18<sup>th</sup> birthday and accessing CSA funding when other funding sources were available, if required documentation had been maintained, resulting in questioned cost of \$5,590 (state and local cost).
- Adequate measures have not been established and/or implemented by the Mecklenburg County CPMT to evaluate and ensure the accountability and effectiveness of the locally managed CSA program. Mecklenburg CPMT has not implemented a formal process documenting utilization management (UM) activity.
- Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Nine (9) case files were examined to confirm that required documentation was maintained in support of and to validate Family Assessment and Planning Team (FAPT) and/or multi-disciplinary team (MDT) referral and CPMT funding decisions. Omissions from client case file documentation included Individual Family Service Plan (IFSP)

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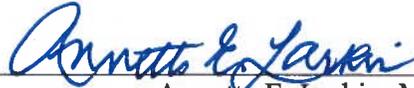
<sup>1</sup> Major deficiency is defined as an internal control deficiency or combination of deficiencies that severely reduces the likelihood that the entity can achieve its' objectives." Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, May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

discharge planning, and evidence of family participation in service planning and agreement to service plans.

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.



Stephanie S. Bacote, CIGA  
Program Audit Manager



Annette E. Larkin, MBA  
Program Auditor

## INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Mecklenburg County Children's Services Act 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 July 24, 2018 and covered the period February 1, 2017 through January 31, 2018.

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 five (5) months of FY2017 and the first seven (7) months of FY2018. 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

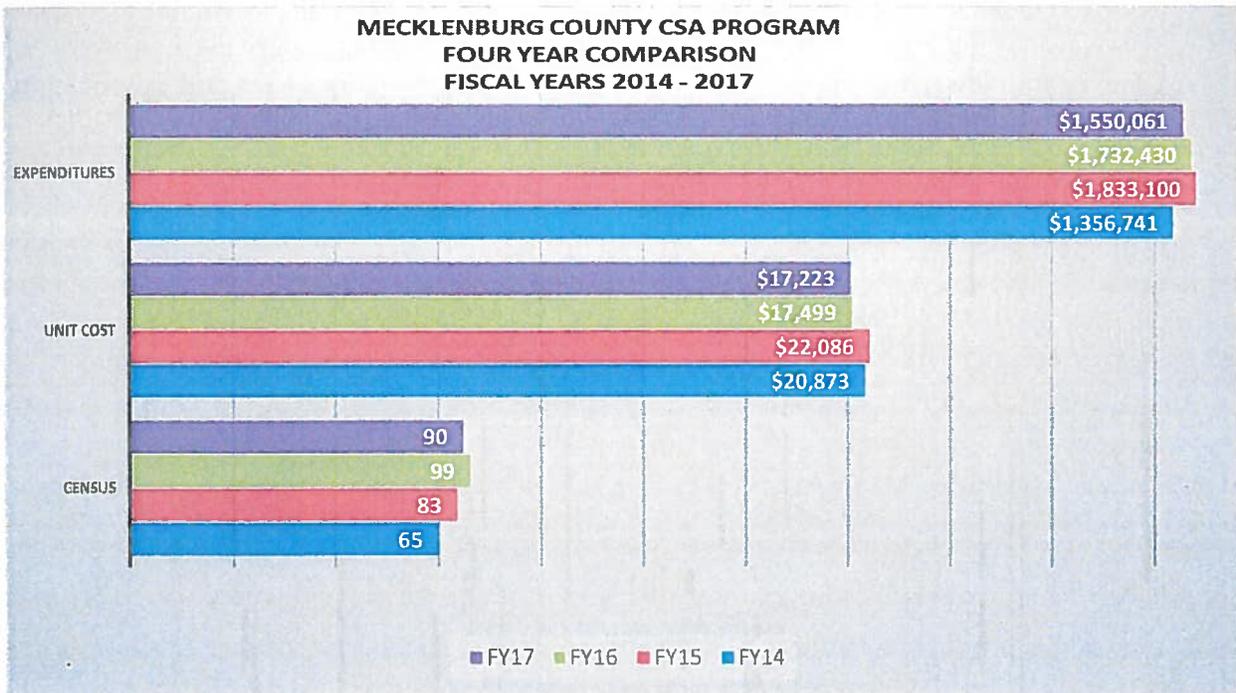
Mecklenburg County named after Queen Charlotte of Mecklenburg-Strelitz, wife of King George III, was established in 1765 from Lunenburg County. The town of Boydton is the county seat. Mecklenburg located in south central Virginia is home to the popular Lake Kerr and Lake Gaston for boating and fishing. According to the US Census Bureau Quick Facts, Mecklenburg’s estimated population in 2017 was 30,686 and median household income from 2012-2016 was \$40,040.

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. 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 CPMT is supported by a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to at-risk children and families and a CSA Coordinator. Expenditure demographics for fiscal 2014 to 2017 are depicted below.

**CSA Pool & Census Data by FY for the Mecklenburg County (2014-2017)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
14	65	2	3%	\$ 1,356,741	\$ 286,486	27%	\$ 20,873	23%
15	83	18	28%	\$ 1,833,100	\$ 476,359	35%	\$ 22,086	6%
16	99	16	19%	\$ 1,732,430	\$ -100,670	-5%	\$ 17,499	-21%
17	90	-9	-9%	\$ 1,550,061	\$ -182,370	-11%	\$ 17,223	-2%

Note: Changes recorded for FY 14 are based on difference from fiscal year 2014 to 2013



**MAJOR DEFICIENCIES  
OBSERVATIONS AND RECOMMENDATIONS**

**A) FISCAL ACTIVITIES**

**Observation #1:**

**Criteria:**

**Compliance and Internal Control**

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State and local CSA policies and procedures were not met. Exceptions were noted in 2 (22%) of the 9 cases reviewed as follows:

1. Client A: Services were funded for a youth no longer eligible to access CSA pool funds. Per the Virginia Department of Social Service (VDSS) foster care manual, a youth may remain in congregate care beyond his/her 18<sup>th</sup> birthday if the youth is enrolled in a high school or vocational/technical school and is expected to complete high school or the vocational/ technical program prior to or in the month of the youth's 19<sup>th</sup> birthday. However, the client remained in congregate care after turning 18 years old to complete the current academic school year although it was evident that the youth would not graduate on or before his/her 19<sup>th</sup> birthday. CSA funded services for the period of May 2017 through June 2017. The youth was no longer eligible for Title IV-E and elected not to enroll into the Fostering Futures program, which would have allowed continued funding until age 21 in a community-based setting but not congregate care. The total questioned cost for the residential placement and the associated educational cost equaled \$5,540 (state and local share) of which \$4,139.71 represented the state share.
2. Client B: CSA funds were used in lieu of Title IV-E for an otherwise eligible expense because of the absence of an actual receipt for the purchase of clothing. Mecklenburg County DSS provided a foster parent with a Walmart gift card to purchase clothing for the foster child; however, the receipt of purchase of the clothing was not maintained by the department, thus making the cost ineligible for Title IV-E. State pool funds cannot be used to supplant federal funding (Title IV-E) due to failure to maintain the required supporting documentation. The total questioned cost for the expense credited to the Walmart gift card equaled \$50 (state and local share) of which \$44.29 represented the state share.

The State Executive Council (SEC) Denial of Funds policy adopted on June 23, 2011, states that CSA pool funds can be withheld if a locality fails to comply with, or is in violation of statutory requirements and policies, whether they are specific to the CSA or promulgated by participating agencies.

**Recommendations:**

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding and other appropriate funding sources. Specifically, but not limited

to, compliance with VDSS foster care policy for foster care services for youth 18 and older, and foster care maintenance.

2. 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 of whether the identified actions are acceptable or any additional actions that may be required.

**Client Comment:**

“CPMT is requesting the Local DSS prior to submitting all foster care request for payment from CSA should insure that the request is in compliance with VDSS protocols for all Foster Care Services for youth, and foster care maintenance. The CSA Coordinator upon receipt of request for payment will insure payment is in compliance with CSA protocols before entering the request for payment for payment.”

**B) CPMT GOVERNANCE**

**Observation #2:**

**Criteria:**

**Compliance and Internal Control**

Adequate measures have not been established and/or implemented by Mecklenburg County CPMT to evaluate and ensure the accountability and effectiveness of the locally managed CSA program. Mecklenburg County CPMT has not implemented a formal process documenting utilization management (UM) activity. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarize aggregate program outcomes to demonstrate accomplishment of local program goals and objectives and the effectiveness of the services provided correlated with the funds expended. Monthly CPMT meeting minutes did not evidence a review of aggregated local and statewide data provided in the management reports on children placed out of state, demographics, types of services provided, duration of services, and child and family outcomes.

The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of the organizational governance. The absence of a formal planning, coordination and program evaluation to ensure that the goals and objectives of the program are met ultimately impacts the CPMT efforts to better serve the needs of the youth and families in the community to maximize the use of state and community resources.

## Recommendations:

1. The CPMT should document a utilization management plan that establishes performance metrics to monitor and analyze the overall effectiveness of the local CSA program, to include but not limited to, utilization of OCS management reports available on the CSA website:
  - CSA Performance Measures FY2017  
[https://www.csa.virginia.gov/content/doc/performance\\_measures\\_2017.xlsm](https://www.csa.virginia.gov/content/doc/performance_measures_2017.xlsm)
  - CSA Utilization Reports
  - <http://csa.virginia.gov/ocsreports/reports/datasetreports.aspx>
  - OCS Reports to the General Assembly  
<https://www.csa.virginia.gov/ocsdata/reportspublications>
2. 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. The CPMT should consider incorporating utilization management as a standing agenda item and documenting the results of utilization management activities in the meeting minutes.

## Client Comment:

“Mecklenburg County CPMT has established a UR Management Structure of the local CSA System to measure the UR Management Goals that are Child Specific and Overall System Specific. CPMT will use the above measures in the recommendations to monitor and analyze the overall effectiveness. Policy updated and approved.”

## C) PROGRAM ACTIVITIES

### Observation #3:

#### Criteria:

#### Compliance and Internal Control

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Nine (10%) out of 92 client case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and/or multi-disciplinary team (MDT) referral and CPMT funding decisions. Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to the coordination and service planning by FAPT. Documentation missing from case files reviewed and/or data elements omitted from the IFSP are documented in the table below.

Description	# of Cases	Error Rate
1. Biological and/or foster parent did not participate and/or consent to service plan	5 out 9	55%
2. Missing discharge planning	2 out 9	22%

The State Executive Council (SEC) adopted a Family Engagement policy in 2010, recognizing the importance of family involvement in all aspects of service planning and implementation of services to achieve desired outcomes as families are the expert on themselves. Mecklenburg County policy includes a parent involvement form to be completed by families that are unable able to attend service planning meetings; however, the form is optional for the case manager to provide to parents. If the parent completes the form, the case manager can bring it to the FAPT meeting.

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 more susceptible to potential loss of accessibility to state funding in support of local programs as a result of non-compliance with CSA statutes regarding service planning and access to pool funds.

#### Recommendations:

1. The FAPT and/or the CSA Coordinator should ensure that minimum documentation requirements are met and maintained in client case files. In addition, IFSPs should contain discharge planning activities to demonstrate how the team and family will be able to reach targeted goals and objectives.
2. As required by CSA statute §2.2-5208, the CPMT should ensure families (biological, foster, or any other natural supports) are involved in all aspects of service planning and implementation of services. To ensure greater participation of families, the CPMT many consider scheduling FAPT meetings at times family members are available and or provide childcare during service planning meetings. Family involvement should be documented in the clients service plan. Further, the CPMT should require the parent involvement form to be completed whenever the biological parent and/or foster parent is not present for the FAPT meeting to evidence family involvement in service planning activities
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:

“FAPT meeting will continue to be conducted at times that are convenient for families and support systems to attend. FAPT will continue to offer alternate routes for attendance such as phone conferences for families to be involved in services planning. FAPT will continue to use letters of invitation, text messages and phone calls to notify all parties of upcoming FAPT meetings. CPMT

will require documentation on the IFSP of efforts made to have families involved in the planning process.

CSA Coordinator will review a sample of cases to review annually from each case managing department to insure that minimum documentation requirements are met and maintained in client case files. In addition to making sure that IFSP's reflect the discharge plans to demonstrate how the team and family will be able to reach targeted goals and objectives."

## OTHER DEFICIENCIES

### D) CPMT GOVERNANCE

**Observation #4:**

**Criteria:**

**Compliance and Internal Control**

The composition of members serving on the Mecklenburg County CPMT does not meet the membership requirements established by CSA statute and local policy. CSA statutory language enlists the preference for "shall" as it pertains to CPMT and "may" as it pertains to FAPT. The Mecklenburg County CPMT does not have a private provider serving on the team. While the COV provides an exemption for rural communities that do not have a provider in their area, Mecklenburg County has a private provider serving on their FAPT rather than the CPMT.

**Recommendations:**

The Mecklenburg County CPMT should obtain a private provider representative to serve on the governing board as required by the COV. In the interim, the CPMT may want to consider moving the private provider serving on the FAPT team to the CPMT to be in compliance with the statutory requirement.

**Client Comment:**

"Mecklenburg CPMT will actively seek a private provider to become a member of the team. In the interim CPMT will request the current FAPT Private Provider to participate in CPMT meetings when time permits her schedule.

\*\*Current Local Policy has been updated to reflect the change in requirement of a CPMT Private Provider on the CPMT team. Also approved by CPMT."

## CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Mecklenburg County CSA program, particularly in reference to operational, governance, and fiscal practices. Conditions were identified that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on Monday, June 25, 2018, to present the audit results to the Mecklenburg County CPMT. Persons in attendance representing the Mecklenburg CPMT were as follows:

Wayne Carter, CPMT Chair, County Administrator  
Nancy Rowe, County Treasurers' Office  
Denise Hall, Public Schools  
Sandra Gregory, Social Services  
Aileen Lewis, Court Service Unit  
Debra Berryman, Community Service Board  
Beth Nutter, Alternate for FAPT Chair  
Olympia Smith, CSA Coordinator

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

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services

Wayne Carter, CPMT Chair,  
Mecklenburg County Administrator

Samantha Finch, CPMT Fiscal Agent

Olympia Smith, CSA Coordinator

SEC Finance and Audit Committee