

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

***Mecklenburg County***

***Audit Report No. 15-2020***

***January 11, 2021***



**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 Mecklenburg County Children's Services Act (CSA) Program. The Mecklenburg County CSA Program provided services and/or funding for approximately 80 youth and families in Fiscal Year (FY) 2019 and 85 youth in FY 2020. The audit included a review and evaluation of management oversight and operational and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2019, significant achievements for the Mecklenburg County CSA Program were:

- Sixty-three percent (63%) of youth indicated a decrease in the Child and Adolescent Needs and Strengths Assessment (CANS) behavior/emotional needs domain, which is 18 percent above the statewide average. Decreases in CANS scores are indicative of improved functioning.
- Fifty-three percent (53%) of youth indicated a decrease in the CANS school domain, which is seven (7) percent above the statewide average.

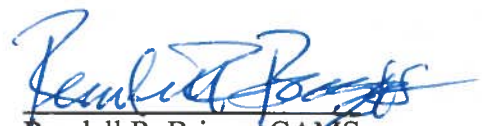
There are however, additional opportunities to effect quality improvement in areas of the CSA Program. Our audit concluded that there were deficiencies in internal controls that could affect the effective and efficient use of resources, as well as compliance with statutory requirements. Additionally, one current observation was also identified in the prior audit report dated July 24, 2018. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for services where CSA compliance requirements were not met. Exceptions were noted in four (4) of the 13 client case files (31%) used to validate compliance. This resulted in state share of questioned costs totaling \$6,886.76. The questioned expenditures were: (1) eligible for an alternate funding source (Title IV-E); (2) the responsibility of another agency (local Department of Social Services); and/or (3) not evidenced as authorized for funding by the CPMT. The prior audit report included an observation pertaining to use of CSA funds in lieu of an alternate funding source.
- Established procedures for sharing CSA client records have not been consistently applied to ensure confidential information is only accessible by authorized individuals. Consent to exchange information forms were missing from nine (9) of the 13 eligible client files (69%) examined to validate compliance with CSA statutes.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the Mecklenburg County CPMT and CSA staff. Formal responses from the Mecklenburg County CPMT to the reported audit observations are included in the body of the full report.



Stephanie S. Bacote, CIGA  
Program Audit Manager



Rendell R. Briggs, CAMS  
Program Auditor

## INTRODUCTION

The Office of Children's Services (OCS) has completed a financial/compliance audit of the Mecklenburg 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 December 28, 2020 and covered the period March 1, 2019 through February 29, 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 and/or identified in the prior audit report dated July 24, 2018.

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

Established in 1765, Mecklenburg County is located in the South-Central region of the Commonwealth of Virginia. Mecklenburg County was named after Queen Charlotte of Mecklenburg-Strelitz, wife of King George III. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Mecklenburg County has an estimated population of 30,917 as of January 28, 2019. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2014-2018 as \$42,025.

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 local interagency teams referred to as the Community Policy and Management Team (CPMT) who plan and oversee services to youth. The Mecklenburg County CPMT was established to comply with this statute. The CPMT is supported by the Family Assessment and Planning Team (FAPT) that is responsible for recommending appropriate services. Administrative services are managed through the local CSA office staffed by a full-time CSA Coordinator. Expenditure and demographics for fiscal years 2017 to 2020 are depicted below:

### CSA Pool & Census Data by Fiscal Year for Mecklenburg County (2017 - 2020)

Source: CSA Continuous Quality Improvement (CQI) Dashboard

#### At-A-Glance

	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>
	<b>90</b>	<b>87</b>	<b>80</b>	<b>85</b>
Distinct Child Count	<b>1.6M</b>	<b>2.1M</b>	<b>2.3M</b>	<b>2.6M</b>
Gross Expenditures	<b>1.6M</b>	<b>2.1M</b>	<b>2.3M</b>	<b>2.5M</b>
Net Expenditures	<b>\$17,223</b>	<b>\$23,704</b>	<b>\$28,142</b>	<b>\$29,794</b>
Average Expenditure	<b>0.2286</b>	<b>0.2286</b>	<b>0.2286</b>	<b>0.2286</b>
Base Match Rates	<b>0.2226</b>	<b>0.2260</b>	<b>0.2188</b>	<b>0.2229</b>
Effective Match Rate				

Data is updated through 11/17/2020

## OBSERVATIONS AND RECOMMENDATIONS

### A) FISCAL ACTIVITIES:

**Observation #1**

**Criteria**

**Compliance and Internal Control – Repeat Observation**

The Code of Virginia (COV) [§ 2.2-5206](#) directs the CPMT to “establish quality assurance and accountability procedures for program utilization and funds management.” Expenditure reimbursements were requested and processed for payment of services where CSA compliance requirements were not met. Exceptions were noted in four (4) of the 13 client case files reviewed (31%) to validate compliance, which resulted in total questioned costs of \$6,886.76 (state share). Table A details the specific non-compliance exceptions.

Table A Client File Review Exceptions - Fiscal Impact					
Exception Rate	Description/ Exception Code				
15% (2/13)	1. Authorization by the CPMT was not evidenced for services funded. (COV, <a href="#">§ 2.2-5206</a> )				
8% (1/13)	2. Eligible for other funding source (Title IV-E). (COV, <a href="#">§ 2.2-5211</a> ) (Repeat Observation)				
15% (2/13)	3. Responsibility of another agency. (COV, <a href="#">§ 2.2-5211</a> )				
Exception Code	Service Description	Client	Period	Total Cost	State Share
1	Private Day School	D	5/7/15- 5/15/19	\$1,589.00	\$1,225.75
1	Private Day School	E	4/11/19 – 5/1/19	\$5,560.00	\$4,288.98
2	Independent Living	B	9/18/19 – 11/30/19	\$1,730.40	\$1,334.83
3	Birth Certificate	B	March 2019	\$14.00	\$12.40
3	Birth Certificate	C	December 2019	\$12.00	\$10.63
3	Identification Card	C	May 2019	\$16.00	\$14.17

The observation pertaining to alternate funding source was identified in the prior audit report issued July 24, 2018. The CPMT submitted a revised quality improvement plan (QIP) with a target completion date of September 7, 2018. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

### Recommendation

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding or other appropriate funding sources.

2. The CSA Office should confirm funding sources are accurate prior to finalizing expenditure documents for payment processing.
3. Adequate documentation should be maintained as justification for CPMT funding decisions.
4. 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 Policy 4.7, Response to Audit Findings, of whether there will be any denial of funds, the identified actions are acceptable, or any additional actions that maybe required.

**Client Comment**

“CSA will hold the Responsible Agencies responsible for repayment. Further case managers and CSA Coordinator will make sure that the appropriate funding source finances the services. IEP’s will be double checked to make sure they are up to date.”

**Observation #2**

**Criteria**

**Compliance and Internal Control**

Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset costs incurred for CSA pool funded services. In accordance with COV [§ 2.2-5206](#), [§ 2.2-5208](#) and local policy, the Mecklenburg County CPMT shall require a parental contribution assessment for services funded by CSA. Of the five (5) eligible client files selected to validate whether the CPMT/FAPT assessed a parental co-payment, zero (0) (100%) indicated that parental co-pay assessments were completed. In addition, zero (0) collections were reported in fiscal years 2017 through 2020 as highlighted in Table B below. Under these conditions, the opportunity lost for collection of additional funds is significant and could materially impact the local program’s ability to increase funding availability for services required to meet the needs of the community.

**Table B**  
**Local Expenditure Data Reporting System (LEDRS) Refund Reports for FY 2017-2019**

<https://www.csa.virginia.gov/OCSPoolReports/PoolReports/RefundReport>

FY	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
17	Mecklenburg	\$3,684.00	\$0.00	\$28,185.34	\$10,590.14	\$0.00	\$0.00	\$42,459.48
18	Mecklenburg	\$107.00	\$0.00	\$33,239.47	\$14,832.49	\$0.00	\$0.00	\$48,178.96
19	Mecklenburg	\$35,407.00	\$0.00	\$12,719.92	\$20,840.59	\$0.00	\$0.00	\$68,967.51
20	Mecklenburg	\$6,446.75	\$0.00	\$28,780.64	\$15,431.28	\$0.00	\$0.00	\$50,658.67

### Recommendation

1. The CPMT should ensure that the FAPT and the CSA Coordinator document assessment of parental ability to pay, supported by verification of stated income or certification stating indigent status. The amount assessed should be reported to the CPMT along with the request for approval for funding of FAPT referred services. Such documentation should be retained in the case file for the required records retention period.
2. Collection and reporting procedures should be established to ensure that the amount received for all refund reporting categories is recorded accurately and timely.

### Client Comment

“CSA Coordinator will be responsible for evaluating every new case for parental copays. If it is determined that the co-payment should be waived documentation will be in each case file to address the waiver.”

## B) CONFIDENTIALITY:

### Observation #3

#### Criteria

#### Compliance and Internal Control

COV, § 2.2-5210 states, “The agency that refers a youth and family to the team shall be responsible for obtaining the consent required to share agency client information with the team.” In addition, Mecklenburg County CPMT Policy Manual states that “FAPT Case Managers must include a Signed Consent to Exchange Information Form in the FAPT Referral Packet.” However, the signed Consent to Exchange Information Form could not be verified for nine (9) of the 13 client records (69%) examined. Failure to document that consent was properly obtained increases the likelihood of non-compliance with CSA statutory requirements and potential liability due to unauthorized exposure of protected information.

### Recommendation

1. The CSA Coordinator and FAPT should ensure consent to exchange information forms are completed immediately upon referral for CSA funded services.
2. Periodic case file reviews should be performed by someone other than the CSA Coordinator to establish quality control of client records and to ensure compliance with CSA statutory requirements.

### Client Comment

“The Consent to Exchange document will be documented as being good until the case closes or it is documented as being revoked.”



**C) DATA INTEGRITY:**

<b>Observation #4</b>
<b>Criteria</b> <span style="float: right;"><b>Internal Control</b></span>

Expenditures incurred for CSA funded services were not always recorded in the correct expenditure category and service placement type. The individual errors lessen the reliability and integrity of data used in CSA Pool Expenditure Reports and CSA Utilization Reports. Financial reporting errors were noted in two (2) client case files as follows:

1. Community-based services were misclassified as residential congregate care. The match rate (\$0.1143) for community-based services is lower than the match rate (\$0.2858) for residential congregate care, resulting in an overpayment of the local share.

Financial Reporting Error - Expenditure Category								
Client	Incorrect Expense Category	Match Rate	Correct Expense Category	Match Rate	Variance			Service Name
					Total Expense	Differential	Net Fiscal Impact (Local Overpayment)	
F	RCC	0.29%	CBS	0.11%	\$88.45	(\$0.17)	\$15.17	CS
1) RCC-Residential Congregate Care; 2) CBS-Community Based Services; 3) CS-Case Support								

2. Service name descriptions did not properly indicate the services that were actually provided. This detail is included in reports used to support continuous quality improvement monitoring efforts that is dependent upon complete, accurate, and reliable data.

Financial Reporting Error – Service Name Description					
Client	Total Expense	Incorrect Service Name Code	Correct Expense	Correct Service Name Code	Period
A	\$4,462.50	#14 Basic Maintenance	\$3,762.50	#9 Indep. Liv. Services	01/01/10
			\$700.00	#14 Basic Maintenance	- 01/31/19
	\$4,462.50	#14 Basic Maintenance	\$3,762.50	#9 Indep. Liv. Services	03/01/19
			\$700.00	#14 Basic Maintenance	- 03/31/19
	\$2,300.00	#14 Basic Maintenance	\$2,300.00	#9 Indep. Liv. Services	07/01/19
					- 07/31/19
F	\$3,575.00	#30 Resid. Rm/Brd	\$1,350.00	#32 Resid. Daily Sup.	10/01/19
			\$1,050.00	#33 Resid. Sup. Therapies	-
			\$1,110.00	#34 Resid. Med. Counseling	10/31/19
#9 Independent Living Service; #30 Residential Room Board; #32 Residential Daily Supervision; #33 Residential Supplemental Therapies; #34 Residential Medical Counseling					

### **Recommendation**

The CSA Office and fiscal staff should periodically review completed financial reports to ensure transactions are recorded in the appropriate expenditure categories and utilize the correct service name descriptions. Identified discrepancies should be immediately corrected.

### **Client Comment**

“CSA will ask for the warrant register to include the broken down amount from DSS to be inputted into the system. DSS currently sends as a lump sum amount. These will be broken down further out.”

## CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Mecklenburg County CSA program. Conditions were identified that could affect the effectiveness and efficient use of resources as well as compliance with statutory requirements. An exit conference was conducted on December 28, 2020 to present the audit results to the Mecklenburg County CPMT. Persons in attendance representing Mecklenburg County CPMT were:

Mr. H. Wayne Carter, CPMT Chair/County Administrator, Mecklenburg County  
Ms. Samantha L. Finch, CPMT Fiscal Agent, Mecklenburg County  
Judy Sheffield, Assistant County Administrator, Mecklenburg County  
Joy Gupton, CPMT Parent Representative, Mecklenburg County  
Sandra Langford, County Treasurer, Mecklenburg County  
Aileen Lewis CPMT Court Services Unit Representative, Mecklenburg County  
Erin Spence, CPMT Public School Representative, Mecklenburg County  
Ms. Olympia Smith, CSA Coordinator, Mecklenburg County

Representing the Office of Children's Services was Rendell R. Briggs, 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**

Mr. Scott Reiner, Executive Director, Office of Children's Services  
Mr. H. Wayne Carter, CPMT Chair, Mecklenburg County Administrator  
Ms. Samantha Finch, CPMT Fiscal Agent  
Ms. Olympia Smith, CSA Coordinator

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