

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

City of Norfolk

Audit Report No. 010-2024

June 10, 2024



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 City of Norfolk Children's Services Act (CSA) program. The City of Norfolk CSA program provided services and funding to 411 youth and families in fiscal year (FY) 2023. The audit included reviewing and evaluating management oversight, operational, and fiscal practices. Based upon established statewide CSA outcome measures reported for FY 2023, significant achievements for the City of Norfolk CSA program were as follows:

- Eighty-one percent (81%) of youth in foster care are in a family-based foster care setting, exceeding the statewide average by eight percent (8%).
- Sixty percent (60%) of youth and families receiving funded service through CSA saw an increase in CANS strengths over time from the initial Child and Adolescent Needs Strength (CANS) in FY19 assessment to the most recent re-assessment indicating interventions are having a desired impact.
- Net expenditures decreased three percent (3%) from FY 2022 to FY 2023.

However, there are additional opportunities to effect quality improvements in other areas of the CSA Program. Our audit concluded that there were deficiencies in compliance and internal controls, most notably relating to fiscal practices. Conditions were identified that could 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 the requirements for compliance with state and local CSA policies and procedures were not met, resulting in questioned cost \$69,065.07 (state share). Specific non-compliance items were:
 - Administration of the annual Child and Adolescent Needs and Strengths (CANS) assessments were not always in accordance with CSA Policy 3.6 Mandatory Uniform Assessment Instrument, resulting in questioned costs of \$35,426.51 (state share) applicable to two (2) client records examined.
 - Code of Virginia (COV) § 2.2-5211 asserts that "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." However, CSA funded foster care maintenance expenditures totaling \$3,749.71 (state share) for two (2) clients confirmed eligible to access Title IVE funding.
- Fund management practices did not always demonstrate sufficient monitoring to ensure use of potential alternate funding (AF) sources (i.e., Title IV-E), where determined eligible, in lieu of CSA funds. The absence of verifiable citizenship documentation was the basis for denial of

Title IV-E funding for fifteen (15) CSA funded clients. Due diligence steps required for CSA to pay foster care maintenance was not evidenced as required and described in VDSS Title IV-E Shared Fiscal Accountability Plan (May 2023). The total cost to CSA during the review period was \$29,888.85 (state share).

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the CPMT and other CSA staff. The body of the full report includes formal responses from the CPMT to the reported audit observations.



Rendell R. Briggs, CAMS
Program Auditor



Stephanie S. Bacote, CIGA
Program Audit Manager

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the City of Norfolk 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 to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on June 5, 2024, and covered October 1, 2022 through September 30, 2023.

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 the local CSA program.
- 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 the implementation of quality improvements addressing prior audit observations reported by OCS in the final report dated August 10, 2020.

The scope of our audit included all 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; tests and examination of records; and other necessary audit procedures to meet the audit objectives.

BACKGROUND

Established in 1845, the City of Norfolk lies at the mouth of the James and Elizabeth Rivers in the Southeastern region of the Commonwealth of Virginia. According to the U.S. Census Bureau, State and County Quick Facts, as of July 1, 2023, the population estimate is 232,995. The median household income from 2018-2022 was \$60,998.00.

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. The state funds, combined with local community funds, are managed by local interagency teams, referred to as the Community Policy and Management Team (CPMT), which plans and oversees services to youth. The City of Norfolk CPMT has established three (3) Family Assessment and Planning Teams (FAPT) responsible for recommending appropriate services to eligible children and families. The CPMT is supported administratively by a CSA Coordinator. Expenditure demographics for fiscal years 2020 to 2023 are depicted below.

Source: CSA Data and Outcomes Dashboard
 (Web link: [Data and Outcomes Dashboard \(COI\)](#))

At-A-Glance

	2020	2021	2022	2023
Distinct Child Count	489	464	399	411
Net Expenditures	\$11.5M	\$11.4M	\$10.3M	\$10.0M
Local Net Match	\$2.6M	\$2.6M	\$2.4M	\$2.3M
Average Expenditure	\$23,613	\$24,464	\$25,747	\$24,277
Base Match Rate	0.2455	0.2455	0.2455	0.2455
Effective Match Rate	0.2227	0.2252	0.2307	0.2277

COI dashboard data consist of information submitted by individual Virginia localities for youth receiving CSA-funded services in the reporting period.

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation #1:

Criteria: **Compliance and Internal Control**

Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources. The Code of Virginia (COV) Section 2.2-5206 directs the CPMT to “establish quality assurance and accountability procedures for program utilization and funds management.” However, 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. At least one (1) exception was noted in four (4) out of the ten (10) client case files (40%) reviewed to validate compliance. Related questioned costs totaling \$35,426.51 (state share) are summarized in Table A.

Table A – Client File Review Exception - Fiscal Impact					
Rate		Exception Code / Description			
2/10 (20%)		A. Annual Child and Adolescent Needs and Strengths (CANS) assessment was not completed timely. Criteria: CSA Policy 3.6 Frequency of CANS Administration			
2/10 (20%)		B. Financial Reporting Error: Incorrect match rate. Criteria: CSA Policy 4.5 Fiscal Procedures			
Code	Client	Service Description	Period	Total Cost	State Share
A	1	Special Education (SPED)	Mar '23 – Sep '23	\$45,586.20	\$32,563.93
	2	Foster Care Maintenance and SPED	Jun '23	\$3,437.92	\$2,593.91
B	3	Family Support Services	Sep '23	\$24.42	\$24.42
	4	Family Support Service	Jul '22 ^{Note1}	\$244.25	\$244.25
Due to CSA				\$49,292.79	\$35,426.51
Note1: Expenditures incurred July 2022 were paid October 2022, during the review period.					

Recommendations:

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding and/or other appropriate funding sources. Adequate documentation, such as but not limited to the completion of annual CANS assessment, should be maintained as justification for CPMT funding decisions.

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

“The CPMT, and/or its designee, will thoroughly review the audit findings pertaining to questionable costs. If there is agreement with the audit finding, the CPMT shall develop a quality improvement plan for review by OCS. If the CPMT does not agree with any part of the audit findings, documentation shall be submitted to the OCS audit team and the Executive Director requesting reconsideration of such findings.

The CSA Coordinator, together with all CSA office staff and FAP teams shall develop additional measures to ensure that all required CSA documentation is in place before CSA funds are expended.

The CPMT shall develop a clear plan to ensure that all CANS assessments are provided within the established timelines from all partnering agencies who seek CSA funding. CSA funding will be discontinued until an up-to-date CANS assessment is submitted.

The CSA office staff, to include the CSA Business Manager will review submitted financial reports to ensure the transactions reported are captured in the appropriate expenditure categories. Such activity shall occur a minimum of every 60 days with the findings submitted to CPMT.”

Observation #2:

Criteria:

Compliance and Internal Control

The Virginia Department of Social Services conducted Title IV-E Quality Assurance and Accountability Compliance Reviews. A comparison of IV-E and CSA expenditures identified unreimbursed foster care maintenance payments funded by CSA totaling \$3,749.71 (state share) for five (5) youth initially funded by the state pool and later confirmed Title IV-E eligible. For the review period, OCS financial reports do not indicate any recorded adjusting entries to correct/refund the payment errors as required by CSA Policy 4.5.2, Items e and f, Pool Fund Reimbursement. Refer to Table B for a detailed breakdown of questioned costs.

Table B				
Title IVE/CSA Payment Errors - Fiscal Impact				
COV 2.2-5211 Alternate Funding (AF) and CSA Policy 4.52 Pool Fund Reimbursement				
Client	Service Description	Service Period	Total	State Share
AF-1	Basic Maintenance	Sep '22 – Oct '22 ^{Note2}	\$937.80	\$707.57
AF-2	Enhanced Maintenance	May '23 – Jun '23	\$4,032.00	\$3,042.14
Total Due to CSA			\$4,969.80	\$3,749.71
<u>Note2:</u> Expenditures incurred September were paid during the review period.				

Recommendation:

1. Before authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation, such as consideration of other funding streams, should be maintained as justification for CPMT funding decisions.
2. A quality assurance procedure should be established by the CPMT that includes but is not limited to a) review of Quarterly IV-E Quality Assurance Accountability (QAA) Reports to assess fiscal implications for CSA funding; (b) monitoring foster care cases funded by CSA pending IV-E eligibility determinations; and (c) monitor CSA financial reports to ensure adjusting entries and refunds are recorded accurately and timely.
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:

“The CPMT, along with its CSA office and CSA Business Manager, shall ensure that CSA funding is credited back to the state for youth found eligible for Title IV-E funding.

The CPMT is in agreement with recommendations 2 and 3 and shall act accordingly.”

Observation #3:

Criteria:

Compliance and Internal Control

Fund management practices did not always demonstrate sufficient monitoring to ensure potential alternate funding (AF) source (i.e., Title IV-E), where determined eligible, is used in lieu of CSA funds. The absence of verifiable citizenship documentation was the basis for denial of Title IV-E funding for fifteen CSA funded clients, as reported on the Title IVE Foster Care Notice of Action provided. Due diligence steps required for CSA to pay foster care maintenance was not evidenced as required and described in VDSS Title IV-E Shared Fiscal Accountability Plan (May 2023). The

total cost to CSA during the review period was \$29,888.85. Table C presents an itemized account of questioned costs (See appendix).

Recommendations:

1. Before authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation, such as consideration of other funding streams, should be maintained as justification for CPMT funding decisions.
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 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:

“CSA staff shall consult with the Department of Human Services to ensure that due diligence will be put forth to address the issue of obtaining verifiable citizenship documentation. CSA staff shall clearly document what diligent efforts were attempted before CSA funds are approved and expended.

The CSA Business Manager and CSA Coordinator shall establish consistent meetings with the Title IV-E Benefits workers and supervisors to discuss all complexities related to Title IV-E eligibility.”

B) CPMT GOVERNANCE

Observation #4:

Criteria:

Compliance and Internal Control

During the review period, the CPMT had not adopted a formal plan to substantiate coordination of long-range planning that includes an assessment of the current risks, strengths and needs of the existing system, as well as, as establishing and documenting measurable criteria for evaluating the effectiveness of the local CSA program. In lieu, local representatives shared a draft version of their draft strategic/long-range plan. The draft version was presented to the CPMT for adoption during the October 2023 meeting.

Recommendations:

As required by CSA statute and local policy, the CPMT should ensure procedures for development, adoption, and periodic review/update of long-range/strategic plans are consistently implemented.

Client Comment:

“CPMT is now in the process of developing a strategic plan as described above.”

C) Data Integrity – Fiscal Reporting

Observation #5:	
Criteria:	Internal Control

Fiscal transactions were not always accurately recorded within the CSA Local Expenditure, Data Reimbursement System (LEDRS). The primary mandate type and/or Service name descriptions did not accurately reflect the basis for funding eligibility or the actual service provided to the client. While these errors have no fiscal impact, the data is included in reports used to support continuous quality improvement monitoring efforts that is dependent upon complete, accurate, and reliable data. At least one (1) exception was observed during the review period for four (4 or 40%) of the ten (10) client records examined.

TABLE D Financial Reporting Errors - No Fiscal Impact				
Rate		Exception Code / Description		
3/10 (30%)		A. Primary Mandate Type		
1/10 (10%)		B. Service Name		
Code	Client	Incorrect Data Description	Correct Data Description	Period Observed
A	2	#1 FC Prevention	#3 FC DSS Entrustment/Custody	Oct '22
	6	#3 FC DSS Entrustment/Custody	# 5 CHINS CSA Parental Agreement	Jan '23 – Jun '23
	7	#3 FC DSS Entrustment/Custody	#6 FC CHINS Entrustment/Custody	Oct '22
B	5	TFC Basic Maintenance	KinGap Basic Maintenance	Jun '23 – Jul '23

Recommendations:

The CSA Office and fiscal staff should periodically review completed financial reports to ensure transactions are recorded using the appropriate primary mandate type and correct service name descriptions. Identified discrepancies should be immediately corrected.

Client Comment:

“The CSA Coordinator, along with office staff and CSA Business Manager, shall routinely review all youth served by CSA to ensure that the primary mandate types and service descriptions are accurate. The CSA office staff shall ensure that the identified discrepancies are immediately corrected.”

CONCLUSION

Our audit concluded there were deficiencies in compliance and internal controls over the City of Norfolk CSA program. Conditions were identified pertaining to operating and fiscal practices of the locally administered program that could adversely affect the effective and efficient use of resources and compliance with statutory requirements. An exit conference was conducted on June 5, 2024, to present the audit results to the City of Norfolk CPMT. Persons in attendance representing the City of Norfolk CPMT were as follows:

Darlene Smith, CPMT Chair/ Norfolk Department of Social Services Representative
Tara Ruffin, CSA Coordinator
Sharon Walsh, CSA Staff

Rendell R. Briggs, Program Auditor, represented the Office of Children's Services.

We thank the City of Norfolk Community Policy and Management Team and CSA staff for cooperating and assisting with this audit.

Appendix: Observation 3/Table C

**Title IVE/CSA Shared Fiscal Accountability
COV 2.2-5211, CSA Policy 4.5.2, and VDSS Title IV-E Shared Fiscal Accountability Plan (May 2023)**

Table C-1				
Client	Service Description	Service Period	Total	State Share
AF-7	Basic/Enhanced Maintenance	May '23 – Jul '23	\$3,171.00	\$2,392.52
AF-8	Basic/Enhanced Maintenance	May '23	\$2,413.00	\$1,820.61
AF-9	Basic/Enhanced Maintenance	May '23 – Aug '23	\$4,772.00	\$3,660.47
AF-10	Basic/Enhanced Maintenance	May '23 – Aug '23	\$6,020.00	\$4,542.09
AF-11	Basic/Enhanced Maintenance	May '23 – Aug '23	\$6,875.00	\$5,187.19
AF-12	Basic/Enhanced Maintenance and Childcare Assistance	Jul '23 – Aug '23	\$4,250.00	\$3,206.63
AF-13	Basic Maintenance and Childcare Assistance	July '23 – Aug 23	\$2,846.00	\$2,147.31
AF-14	Basic/Enhanced Maintenance	May '23 – Jul '23	\$2,235.00	\$1,686.31
AF-15	Basic/Enhanced Maintenance	May '23 – Jul '23	\$4,514.99	\$3,406.56
AF-16	Basic/Enhanced Maintenance and Clothing	May '23 – Jul '23	\$2,409.23	\$1,839.16
Total Due to CSA			\$39,506.22	\$29,888.85

Table C-2^{Note 3} Before May 2023				
Client	Service Description	Service Period	Total	State Share
AF-3	Basic Maintenance	Oct '22	\$772.00	\$582.47
AF-4	Basic/Enhanced Maintenance and Clothing	Oct '22 – Jan '23	\$4,123.13	\$3,110.90
AF-5	Basic/Enhanced Maintenance	Oct '22 – Jan '23	\$4,398.48	\$3,318.85
AF-6	Basic/Enhanced Maintenance	Oct '22 – Jan '23	\$5,507.86	\$4,181.88
AF-7	Basic/Enhanced Maintenance, Clothing, and Childcare Assistance	Mar '23 – Apr '23	\$2,885.15	\$2,199.80
AF-9	Basic/Enhanced Maintenance	Apr '23	\$1,192.99	\$900.11
Total Potential Recoveries			\$18,879.61	\$14,294.01
Note 3: Expenditures were not included in the question cost total for Observation 3. However, they have been included here to demonstrate the full extent and fiscal impact of these errors. Questioned cost in the report were limited to the date clear guidance was issued by VDSS.				

REPORT DISTRIBUTION

**Scott Reiner, Executive Director
Office of Children's Services**

Patrick Roberts, Norfolk City Manager

Daralene Smith, CPMT Chair

Michael Roggow, CPMT Fiscal Agent

Tara Ruffin, CSA Coordinator