

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

***Patrick County***

***Audit Report No. 16-2018***

***June 1, 2018***



**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 Patrick County Children's Services Act (CSA) Program. The Patrick County CSA Program provided services and/or funding for approximately twenty-one (21) 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, a significant achievement for Patrick County and the CSA Program was that the percentages of youth with a decrease in Child and Adolescent Needs Strengths (CANS) school domain increased by eight percent (8%) from FY 2016 to FY 2017.

However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there was an internal control deficiency that may affect the evaluation of the overall effectiveness of the local CSA Program. Utilization Management (UM) activities documented by the Patrick County Community Policy & Management Team (CPMT) do not incorporate data elements that are sufficient and meaningful in monitoring accountability and assessment of the CSA Program's effectiveness and processes toward the achievement of its goals and objectives.

OCS appreciates the cooperation and assistance provided on behalf of the Patrick County CPMT and other CSA staff. Formal responses from the Patrick 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 Children's Services (OCS) has completed a financial/compliance audit of the Patrick 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 June 1, 2018 and covered the period March 1, 2017 through February 28, 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 local CSA programs.
- To 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.
- To assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Patrick County CPMT. The CSA program audit self-assessment validation was completed February 21, 2017 indicating concurrence with the conclusions reported by the Patrick County CPMT acknowledging the existence of significant non-compliance observations and/or internal control weaknesses in the Patrick County CSA Program.

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

Patrick County was formed in 1791, when Patrick Henry County was divided into Patrick County and Henry County.

Patrick County is located in the central southern border of the Commonwealth of Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Patrick County’s estimated population was 18,490 as of July 1, 2017. The U.S. Census Bureau, State and County Quick Facts reports the average median household income from 2012-2016 for Patrick County was \$35,999.

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 local interagency teams, referred to as the Community Policy and Management Team (CPMT) who plan and oversee services to youth. The Patrick County CPMT was established to comply with this statute. The CPMT is supported in this initiative by the Family Assessment and Planning Team (FAPT) 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 2014 to 2017 are depicted below:

### CSA Pool & Census Data by Fiscal Year for Patrick County (2014-2017)

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2014	13	-7	-35	53,073	-14,059	-21	4,083	22
2015	16	3	23	145,410	92,336	174	9,088	123
2016	22	6	38	317,523	172,114	118	14,433	59
2017	21	-1	-5	497,767	180,244	57	23,703	64

Note: Changes recorded for FY 2014 are based on differences from fiscal year 2013 to 2014.

### CSA Pool & Census Data by Fiscal Year for Patrick County (2014-2017)

FY	Pool Expenditures
2014	\$53,073
2015	\$145,410
2016	\$317,523
2017	\$497,767

FY	Census
2014	13
2015	16
2016	22
2017	21

FY	Unit Cost
2014	\$4,083
2015	\$9,088
2016	\$14,433
2017	\$23,703

## OBSERVATIONS AND RECOMMENDATIONS

### GOVERNANCE ACTIVITIES

Observation #1

Criteria

**Compliance and Internal Control – Repeat Observation**

The Patrick County CPMT has set forth strategic standards, goals, and objectives for all of its CSA stakeholders and a formal process of documenting Utilization Management (UM) activities. The Patrick County CPMT does not incorporate aggregate-level data elements that are sufficient and meaningful in monitoring accountability and assessment of the CSA program's effectiveness and processes toward the achievement of its goals and objectives. The following opportunities for improvement were identified.

- Documented plans did not include strategic objectives, milestones and/or benchmarks that illustrate percentage of change within specific time-periods and specific strategies to aid in evaluating the effectiveness and accountability of the local CSA Program.
- Reports provided were absent of aggregated local and statewide data provided from OCS 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. Currently the reports that are reviewed have been at the child-specific level. While the quarterly utilization reports presented to the CPMT include child counts, service placement types, and expenditures, they do not address in aggregate duration of services and evaluation of performance measures.
- Program oversight by the CPMT has not included a review and/or assessment of specific reports that summarize in aggregate program outcomes for 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. Current utilization reports discussed at the CPMT reflect child specific information not aggregate level reporting on progress or effectiveness of services provided in correlation with funds expended.

The non-compliance observation referenced in this report was also identified in the prior audit report issued February 21, 2017. The Patrick County CPMT submitted a Quality Improvement Plan (QIP) with May 2017 as the target date of completion. The CPMT, as the governing body, is responsible for on-going monitoring of the QIP to ensure timely implementation of the plan and the actions taken are continuously working as intended. The CPMT has taken steps to improve utilization management activities as cited in the QIP submitted. However, greater enhancements are needed to ensure that the process is functioning as intended and provides relevant, useful information to ensure informed decision making.

## Recommendation

- The Patrick County CPMT should immediately initiate a periodic review of OCS financial and performance reports containing aggregated data available on the CSA website in the tab labeled “Statistics and Publications” to include, but not limited to:
  - **CSA Performance Measures for FY 2016 and FY 2017** (web link)
  - **CSA Pool Expenditure Reports** (web link)
  - **CSA Utilization Reports** (web link)
  - **OCS Reports to the General Assembly**  
(Web link <http://www.ocs.csa.virginia.gov/publicstats/index.cfm> )
- The CPMT should incorporate specific metrics that provide a framework for monitoring and evaluating the achievement of established objectives. The recorded minutes of the CPMT meeting should reflect a summary of CPMT’s discussions and actions to be taken, if any. A copy of reports reviewed should be retained with the minutes.

## Client Comment

“Patrick County CPMT concurs with the above findings. CPMT Chair and CSA Coordinator will coordinate a strategic planning meeting with CPMT and FAPT members in the fall of 2018 to develop a plan that includes the effectiveness and accountability of the local CSA program with measurable outcomes and performance measures. The meeting will be scheduled in the fall due to the current vacancy of the CSA Coordinator’s position and needing time to train the new coordinator. The CSA utilization reports will be utilized when reporting the quarterly Utilization Management report to CPMT. The discussion of the UM Report will be recorded in the CPMT minutes.”

## CONCLUSION

Our audit concluded that there was a deficiency in internal controls pertaining to utilization management activities for the Patrick County CSA program. An exit conference was conducted on June 1, 2018 via conference call to present the audit results to the Patrick County CPMT. Persons in attendance representing Patrick County CPMT were Ms. Dana DeHart, Patrick County CPMT Chair/Piedmont Community Services Board and Ms. April Evans, CSA Coordinator/Department of Social Services-Henry/Martinsville.

Representing the Office of Children's Services was: Rendell R. Briggs, Program Auditor. We would like to thank the Patrick 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  
Tom Rose, Patrick County Administrator  
Dana DeHart, CPMT Chair/  
April Evans, CSA Coordinator  
SEC Finance and Audit Committee