

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

***Pittsylvania County
Self-Assessment Validation***

Audit Report No. 07-2022

March 14, 2023



Office of Children's Services
Empowering communities to serve youth



COMMONWEALTH of VIRGINIA

Scott Reimer, M.S.
Executive Director

OFFICE OF CHILDREN'S SERVICES
Administering the Children's Services Act

March 14, 2023

Sandy Irby, CPMT Chair
Danville - Pittsylvania County CSA Program
245 Hairston Street
Danville, VA 24540

RE: Pittsylvania County CSA Program Self-Assessment Validation
Draft Report File No. 07-2022

Dear Ms. Irby:

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Year (FY) 2022, the Pittsylvania County Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of the local Children's Service Act (CSA) Program. Based on the review and examination of the self-assessment workbook and supporting documentation completed by the Pittsylvania County CSA program on January 27, 2022, and covering the period January 1, 2020 through December 31, 2020, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Pittsylvania County CPMT that no significant observations of non-compliance or internal control weaknesses were found in the design or operation of the processes or services. The explanations for our assessment results are as follows:

The Pittsylvania County CPMT concluded that there were no significant compliance and/or internal control weakness observations noted. However, validation procedures identified non-compliance deficiencies not identified by management. Non-compliance with the statutory requirements of CSA is considered significant because the local program is not operating fully in accordance with the laws of the Commonwealth. Specifics are detailed on pages 2-4.

SIGNIFICANT NON-COMPLIANCE OBSERVATIONS

1. 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. Three (3) of five (5) cases reviewed included instances of non-compliance as follows :
 - Code of Virginia [§2.2-5211](#) states, “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.” Funds from the state pool were used to reimburse:
 1. foster care maintenance for IV-E eligible youth (including duplicate CSA and IV-E payments). The funding errors equate to \$29,837.97, and
 2. case support during a period of active involvement by the Pittsylvania County Department of Social Services. Case support services may only be purchased from a child-serving agency for a child not otherwise open to a public child-serving agency. In addition, a CSA Parental Agreement for an out-of-home placement was executed rather than the Non-Custodial Foster Care Agreement (NCFCA) required when the local department of social services (LDSS) is directly involved with the child and family. Virginia Department of Social Services (VDSS) Foster Care Manual Section 3.7.5 states “when the LDSS serves as the case manager, the child shall be considered in foster care and NCFCA should be used.” The funding errors equate to \$2,117.28.
 - CSA pool funds were expended for Treatment Foster Care Case Management (TFC-CM), a Medicaid-eligible service. Exceptions were noted for two (2) Medicaid-eligible clients. The Appropriation Act states, “Effective July 1, 2009, pool funds shall not be spent for any service that can be funded through Medicaid for Medicaid-eligible children and youth except when Medicaid-funded services are unavailable or inappropriate for meeting the needs of a child.” The funding errors equate to \$953.41. Table A illustrates the fiscal impact of the errors.

| Table A – Fiscal Impact | | | | | |
|---|------|---|------------------|--------------------|--------------------|
| COV §2.2-5211, Current Appropriation Act, and CSA Policy 4.4.2 Medicaid Funded Services. | | | | | |
| Exception Code | | Description | | | |
| 1A | | Alternate Funding Source: IV-E Eligible Expense | | | |
| 1B | | Alternate Funding Source: Responsibility of Another Agency - LDSS | | | |
| 2 | | Alternate Funding Source: Medicaid Eligible Expense | | | |
| Client | Code | Service Description | Period | Total Cost | State Share |
| A | 1A | Maintenance: Room & Board | Jan/Mar 2020 | \$9,087.00 | \$6,411.79 |
| | | Maintenance: Daily Supervision | Jun/Aug/Sep 2020 | \$23,016.96 | \$16,240.77 |
| | | Maintenance: Duplicate Payments | Feb/Apr/May 2020 | \$10,183.40 | \$7,185.41 |
| B | 1B | Case Support | Jul – Oct 2020 | \$2,400.00 | \$2,117.28 |
| | 2 | TFC-CM | Jan-Feb 2020 | \$517.92 | \$395.95 |
| C | 2 | TFC-CM | Sep – Nov 2019* | \$729.18 | \$557.46 |
| Total | | | | \$45,934.46 | \$32,908.66 |
| * Payment for services received occurred within the period of review (January 2020) | | | | | |
| Source: Local Expenditure Data Reporting System (LEDRS) | | | | | |

SIGNIFICANT NON-COMPLIANCE OBSERVATIONS

- The Virginia Department of Social Services conducted a Quality Assurance and Accountability Title IV-E Compliance Review. A comparison of IV-E and CSA expenditures for those clients determined CSA-reimbursed maintenance payments totaling \$2,936.26 (state share) for seven (7) confirmed IV-E eligible clients. For the period of review, 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 | | | |
|---|---------------------|-------------------|-------------------|
| IV-E/CSA Payment Errors - Fiscal Impact | | | |
| COV §2.2-5211 and CSA Policy 4.5.2 Pool Fund Reimbursement | | | |
| Client | Service Period | Questioned Costs | State Share |
| 1 | 06/02/20 – 06/30/20 | \$486.00* | \$371.55 |
| 2 | 06/21/20 – 08/31/20 | \$1,497.00 | \$1,165.82 |
| 3 | 06/24/20 – 06/30/20 | \$393.86 | \$301.11 |
| 4 | 06/24/20 – 06/30/20 | \$429.56 | \$328.40 |
| 5 | 06/24/20 – 06/30/20 | \$393.86 | 301.11 |
| 6 | 06/24/20 – 06/30/20 | \$393.86 | \$301.11 |
| 7 | 09/01/20 – 09/30/20 | \$189.48 | \$167.16 |
| Total | | \$3,783.62 | \$2,936.26 |
| <small>* Duplicate Payment- Transaction was paid by both funding sources Title IV-E and CSA. Source: Local Expenditure Data Reporting System (LEDRS)</small> | | | |

RECOMMENDATIONS

- Prior to 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.
- A quality assurance procedure should be established by the CPMT that includes, but not limited to a) review of Quarterly IV-E Quality Assurance Accountability (QAA) Reports to assess fiscal implications for CSA funding; (b) monitor foster care cases funded by CSA pending IV-E eligibility determinations; and (c) monitor CSA financial reports to ensure adjusting entries and/or refunds are recorded accurately and timely.
- 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

“Pittsylvania County CPMT concurs with the findings above. The CSA Office is establishing procedures to ensure that reimbursement is received for all IVE eligible services. That Non-Custodial Agreements are used appropriately as needed. A new process is being formulated to ensure that we are receiving Medicaid denials for Case Management services before paying for the service. Pittsylvania County would have been able to receive reimbursement from IVE for a number of the listed expenditures but due to it being outside of the 8-quarter window that is not allowable partially this can be contributed to effects of COVID 19.”

INTERNAL CONTROL WEAKNESS

3. Internal controls established to ensure financial transactions are complete, accurate, and timely were not working as intended. Seven monthly transactions were processed for payment where the expenditure category and/or service name description were misclassified. The errors lessen the reliability and integrity of data used in CSA pool expenditure and utilization reports. Table D illustrates the fiscal impact of the errors.

| Table D - Financial Reporting Errors June 2020 – December 2020 (CSA Policy 4.5 Fiscal Procedures) | | | | | | | |
|--|--|------------|--|------------|------------------------------|------------------|--|
| Client | Incorrect Expense Category or Service Name | Match Rate | Correct Expense Category or Service Name | Match Rate | Variance | | |
| | | | | | State Share of Total Expense | State Share Paid | Net Fiscal Impact (Overpayment of Local Share) |
| B | 1B (RCC) | .2944 | 1E (ESCC) | .2355 | \$3,604.62 | \$3,326.90 | \$277.71 |
| | 2G (SPED) | .2355 | 1E (ESCC) | .2355 | | | \$0.00 |
| | 26 (PDS) | .2335 | 29 (RESed) | .2335 | | | |
| RCC – Residential Congregate Care SPED- Special Education Private Day Placement ESCC- Educational Services – Congregate Care PDS- Private Day School RESed – Residential Education | | | | | | | |

RECOMMENDATIONS

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 COMMENTS

“The Pittsylvania County CPMT concurs and will begin periodically reviewing financial reports with the fiscal agent as well as CPMT.”

The Office of Children’s Services respectfully requests that you submit a quality improvement plan to address the observations outlined in this report no later than thirty (30) days from receipt of this report. In addition, we respectfully ask that you notify this office as quality improvement tasks identified to address significant observations are completed. OCS will conduct a follow up validation to ensure the quality improvements have been implemented as reported.

We would like to thank the Pittsylvania County CPMT and CSA staff and partners for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the excellent assistance and cooperation that was provided by Cheryl Boswell, CSA Coordinator and CSA staff during our review. Ms. Boswell's efforts enabled the audit staff to resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,



Rendell R. Briggs, CAMS
Program Auditor



Stephanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
David Smitherman, Pittsylvania County Administrator
Kim Van Der Hyde, CPMT Fiscal Agent
Cheryl Boswell, CSA Coordinator