



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

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

December 7, 2017

Ms. Nancy Toscano, CPMT Chair
City of Richmond CSA Program
3900 West Broad Street
Richmond, VA 23230

RE: City of Richmond Children's Services Act (CSA) Program
Audit Self-Assessment Validation, File No. 16-2017

Dear Ms. Toscano,

In accordance with the Office of Children's Service's (OCS) Audit Plan for Fiscal Year 2017, the City of Richmond Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local CSA Program. An on-site visit was scheduled and conducted by OCS Program Auditors on September 7, 2017 to perform the independent validation phase of the process, which covered the period July 1, 2016 through June 30, 2017.

Based on the review and examination of the self-assessment workbook and supporting documentation provided by the City of Richmond CSA program, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the City of Richmond CPMT that no significant observations of non-compliance and/or internal control weaknesses were identified in the design or operation of the processes or services conducted on behalf of the City of Richmond CSA. The explanation for our assessment results are as follows:

The City of Richmond CPMT concluded that there were only non-significant compliance and/or internal control weakness observations noted. However, validation procedures of the locally prepared CSA Self-Assessment Workbook identified major deficiencies¹ indicating non-compliance and internal control weaknesses in the local CSA program. 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. An adequate system of internal controls is contingent upon consistent and proper application of established policies and procedures affecting CSA funded activities as well as monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure is considered significant. Specifics pertaining to the City of Richmond CSA Program are detailed on pages two (2) through four (4).

¹ 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.

**SIGNIFICANT NON-COMPLIANCE and INTERNAL CONTROL WEAKNESSES
REPEAT OBSERVATIONS**

1. The City of Richmond CPMT has not yet documented a formal plan to substantiate coordination of long-range planning that includes an assessment of current risks, strengths and needs of the existing system as well as establishing and documenting measurable criteria for evaluating the effectiveness of the local CSA program. Though the recorded minutes of CPMT meetings occurring between December 2016 and July 2017 denote discussions pertaining to the scheduling of strategic planning sessions, the initial strategic planning session was conducted on October 11, 2017.

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

CRITERIA: Code of Virginia (COV) [§ 2.2-5206](#), Items 4, 6, and 13; Department of Accounts (DOA) Agency Risk Management and Internal Control Standards (ARMICS), Control Environment, Risk Assessment and Control Activities

2. Written policies and procedures established by the CPMT are not always consistent with State statutes, policies adopted by the State Executive Council (SEC) and/or best practices which direct the CPMT to ensure that policies and procedures are established to govern local CSA programs. A review of the City of Richmond's CPMT policies and procedures noted the following:

- The City of Richmond CPMT's policies and procedures manual was last updated in April 2009. As a result, current practices in place are not always in accordance with established policies and procedures. For example, required policies and procedures had not been developed regarding Intensive Care Coordination.
- The City of Richmond Utilization Review Standard Operating Procedures (URSOP), Revised 2017, page 9, section G, item 10 states that the FAPT "Authorize expenditures from the local allocation of the CSA state pool funds ...". This is inconsistent with State statutes that identify expenditure authorization as a CPMT responsibility, creates a segregation of duties weakness, and contradicts other City of Richmond policies that delegates funding authorization from the CPMT to the CSA Administrator.

Policies and procedures that are outdated and/or inconsistent increases the risk that compliance requirements of CSA are not fully met and that local practices are not always consistently applied.

CRITERIA: COV [§ 2.2-5206](#), [§ 2.2-5208](#); ARMICS, Control Environment and Control Activities; and CPMT Policies and Procedures manual, page 55, Purchase Orders and Placement Agreements.

RECOMMENDATIONS

1. As required by CSA Statute, the City of Richmond CPMT should develop, document and implement a long-range plan to guide the locally administered CSA program. The process should include development of a formal risk assessment process and measurable criteria to be used for evaluating program accountability and effectiveness.
2. The City of Richmond should initiate periodic reviews of their local policies and procedures to ensure they align with CSA statutory requirements, SEC adopted policies, as well as identified best practices. The CPMT should address incorporating procedures that were omitted from the existing manuals and removal of contradictory language.

CLIENT COMMENT

“We acknowledge that there is not a written strategic plan to date. There have been several transitions in leadership since the last OCS review. However, throughout those transitions, there have been work sessions, and progress made on this. Since the most recent transition, momentum was gained and the strategic directions have been determined. The final strategic plan will be presented for CPMT review on January 2018.”

SIGNIFICANT NON-COMPLIANCE OBSERVATION

Membership of the FAPT is not consistent with the Children’s Services Act (CSA) requirements and the City of Richmond Utilization Review Standard Operating Procedures (URSOP). The composition of the FAPT does not include a parent representative. The role of the parent representative has been vacant at least a year. There were no CPMT minutes or other evidence of efforts to resolve this issue in FY 2017. The absence of the parent representative impedes the intent of the CSA to create a collaborative system of services and funding that includes both representatives of public agencies and the community.

CRITERIA: COV§ 2.2-5200, § 2.2-5207, and the City of Richmond URSOP, Section II, B. FAPT Membership.

RECOMMENDATIONS

Adding a parent representative to the FAPT has been addressed in a quality improvement plan (QIP) and an agenda topic for the September 21, 2017 CPMT meeting. The agenda item called for expanding the definition of who can be a parent representative for FAPT purposes. The City of Richmond CPMT should continue exploring options to add parent representatives to FAPT and document steps taken to achieve this goal.

CLIENT COMMENT

“There is a need for several parent representatives give the volume of FAPT meetings throughout the month. Traditional word-of-mouth recruitment for these positions were not effective. Mr. Nemeyer tried another approach. He reached out to TFC providers to recruiter foster parents as parent representatives. This was effective and FAPT now has a representative. We are in the process of selecting others from this recruitment effort.”

INTERNAL CONTROL WEAKNESS

The significant non-compliance and internal control weaknesses referenced in this report were also identified in the 2016 audit of the City of Richmond CSA program. The City of Richmond CPMT submitted quality improvement plans at the conclusion of their 2016 audit that included the following action steps and indicating all tasks would be completed by July 1, 2016:

1. Strategic Planning. The CPMT has a retreat scheduled for April 22, 2016. The retreat will be facilitated by staff from UMFS. During the retreat the CPMT will discuss and formulate short-term and long-term goals and strategies for the City of Richmond CSA program.
2. Policy and Procedure Manual. The CPMT, with the assistance of the CSA Program Administrator, will continue to review and update the CSA policy manual to ensure local practices are in compliance with state policies. The CPMT will have an annual retreat to review and recommend changes to the local CSA policy. The CSA Program Administrator will review existing policies and provide recommendations at the CPMT’s July 2016 meeting. The language in the Utilization Review Standard Operating Procedures has been updated to reflect that the FAPT recommends services and does not authorize funding.

INTERNAL CONTROL WEAKNESS - CONTINUED

3. Purchase of Service Process. The CPMT will evaluate the existing policies, procedures and practices regarding the purchase of service process. The CPMT will adopt needed changes by July 1, 2016.

However, as of the report date, little to no action has been taken to address the compliance and internal control deficiencies. The purpose of the quality improvement plan is to ensure management takes appropriate action to resolve deficiencies in a timely manner. The CPMT, as the governing body, is responsible for on-going monitoring of the quality improvement plan to ensure the implementation of the plan and the actions taken are working as intended.

CRITERIA: ARMICS, Control Environment, Oversight by the Agency's Governing Board and Corrective Action Plans

RECOMMENDATIONS

1. Following the completion of the recent self-assessment, the CPMT has updated their quality improvement plan with new target dates. However, the CPMT should also develop a process to track progress on all outstanding tasks as outlined in their plan.
2. The CPMT should revisit their progress on their quality improvement plan at least quarterly and provide status updates to OCS.

CLIENT COMMENT

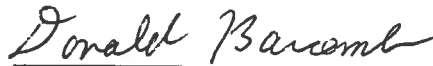
"At the January 17th, 2018 CPMT meeting the CPMT will review current policies and procedures for CSA expenditure authorizations. Currently the CSA program administrator has been granted authority by the CPMT to approve CSA expenditures via a Financial Recommendation form that is completed in Harmony. A purchase order cannot be created without the Financial Recommendation. CPMT will examine the current policies and procedures to ensure that there are proper expenditure authorizations prior to the start of services. If changes need to be made to policy or procedure than the CSA program administrator will make any changes that CPMT approves."

The City of Richmond Community Policy and Management Team has submitted an acceptable QIP addressing these observations prior to the release of this report, and provided a status update on December 6, 2017 indicating identified tasks as in progress. We respectfully ask that you continue to notify this office as quality improvement tasks identified are completed. OCS will conduct a follow up validation to ensure the quality improvements have been implemented as reported.

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We would like to thank the City of Richmond CPMT and related CSA staff 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 Brady Nemeyer, CSA Program Administrator, and Elizabeth Tacey, CSA Utilization Review Manager, during our on-site visit. Their combined 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,



Donald Barcomb
Program Auditor



Stéphanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
Selena Cuffee-Glenn, Chief Administrative Officer
City of Richmond
Myrtle Brown, CPMT Fiscal Agent
Brady Nemeyer, CSA Administrator
SEC Finance and Audit Committee