



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

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

January 24, 2017

R. Morgan Quicke, CPMT Chair
County Administrator
101 Court Circle,
P. O. Box 1000
Warsaw, Virginia 22572

RE: Richmond County CSA Program Self-Assessment Validation, File No. 28-2014

Dear Mr. Quicke,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Years 2013-2015, the Richmond County Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local Children's Service Act (CSA) Program by the established due date of December 30, 2013. An on-site visit was scheduled and conducted by OCS Program Auditors on May 11, 2016 to perform the independent validation phase of the process.

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

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Richmond County CPMT that significant non-compliance and/or weakness were found in the design or operation of internal controls applicable to the processes or services conducted on behalf of Richmond County CSA. While the CPMT reported major non-compliance and/or internal control weakness, validation procedures of the locally prepared CSA Self-Assessment Workbook identified additional major deficiencies¹ not originally reported by the CPMT. Specifics pertaining to the Richmond County CSA Program are detailed on the following pages.

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
OBSERVATION 1
<p>Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families. The private provider representative serving on the CPMT did not complete the Statement of Economic Interest (SOEI) form as required by statute. The Code of Virginia requires an annual disclosure of economic interest for non-public members serving on the CPMT and FAPT. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds may have been significantly reduced since the required party did not appropriately disclosed his/her personal interests.</p>
<p>CRITERIA: COV Sections: <u>§ 2.2-3100</u>; <u>§ 2.2-3101</u>; <u>§ 2.2-3115</u>; <u>§ 2.2-3117</u>; <u>§ 2.2-5207</u>; DOA Agency Risk Management and Internal Control Standards, Control Activities</p>
OBSERVATION 2
<p>Adequate measures have not been established and/or implemented by the Richmond CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA program. Opportunities for improvement were noted based on instances of non-compliance with CSA statutory requirements and internal control weaknesses identified as follows:</p> <ul style="list-style-type: none"> • The CPMT has not 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. • A formal process documenting utilization management/utilization review (UM/UR) activity has not been developed and/or implemented by Richmond CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarizes in aggregate program outcomes to demonstrate accomplishment of local program goals and objectives and effectiveness of the services provided correlated with the funds expended. Moreover, the CPMT has not identified goals and objectives for its locality to assess overall program performance. <p>The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of the organizational governance. The absence of a formal planning, coordination and program evaluation to ensure that the goals and objectives of the program are met ultimately impacts the CPMT efforts to better serve the needs of the youth and families in the community to maximize the use of state and community resources. The CPMT identified this non-compliance matter however; no action has been taken since the self-assessment workbook submission to remedy the risk exposure.</p>
<p>CRITERIA: <u>COV § 2.2-5206</u>, Community policy and management teams; powers and duties Items 4, 6, and 13; Department of Accounts (DOA) Agency Risk Management and Internal Control Standards (ARMICS), Control Environment, Risk Assessment, and Control Activities</p>
OBSERVATION 3
<p>A formal process has not been established to evidence the reconciliation of CSA reported balances and the locality's reported general ledger account balances. Standard industry best practices dictate cash receipts, appropriation, expenditures and fund balance reconciliations are</p>

formally reconciled at least monthly. Monthly reconciliations further enhance the reliability of information pertaining to the availability of pool funds and the financial position of the CSA program that is used for management decision making. In the absence of periodic reconciliations, Richmond County paid the local Medicaid match for individuals that were not their locality's responsibility since 2008. The reporting error was not discovered until fiscal year (FY) 2016. Any reporting errors occurring prior to December 1, 2013, could not be recouped by Richmond County due to the Department Medical Assistance Services (DMAS) requirement of prompt submission of all claims including reporting errors. In addition, DMAS was under contract with another pre-authorization provider prior to December 2013 that handled all Medicaid authorization and those records are no longer available to validate Richmond County's claims. Material internal control weaknesses in the effective and efficient use of resources and reliability and integrity of the financial data used by management in decision making were created in the administration of the local CSA program because Medicaid expenditures have been overstated since 2008 ultimately impacting the program's ability to ensure availability of \$118,241.71 in local match funds expended in error for services required to meet the needs of child(ren) and families in the County.

CRITERIA: 42 CFR §447.45d Timely Claims payments; DOA Agency Risk Management and Internal Control Standards, Control Activities

RECOMMENDATIONS

- The CPMT should ensure that the SOEI form is completed in accordance with the Code of Virginia immediately for all non-public participating members serving on the CPMT.
- The CPMT should coordinate with CSA stakeholders, 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, goals, objectives, and strategies to direct the program's operations.
- The CPMT should develop and implement a process that requires periodic reporting of aggregate data collected regarding the status of utilization review/utilization management activities.
- The CPMT should ensure that a process is established for fully reconciling the CSA balances, to include Medicaid adjustments, appropriations, expenditures, revenues, and cash (where applicable) with local government general ledger accounts.
- The CPMT Fiscal Agent should coordinate with other CSA offices and review the Medicaid Report detailing client specific charges monthly and ensure that all locality charges are accurate.

CLIENT COMMENT

- “Our CPMT Chair, Mr. Morgan Quicke, along with our Director of Social Services, Vanesa Livingstone, has selected January 15th of each year as the annual filing deadline for the Statement of Economic Interest, as required by the Code of Virginia. Mr. Quicke, as Clerk to the Richmond County Board of Supervisors is very experienced with the filing requirements outlined in the Code of Virginia and will be responsible for all deadlines being met.”
- “The CPMT has approved the new utilization management and review form for FAPT to utilize during on-site visits. The CPMT also requests monthly incident reports and progress reports of all children placed in residential facilities, group homes, private day schools or independent living settings, before payment can be rendered. CPMT has developed a new ISFP form to include goals and objectives for each child served. Our FAPT Chair has assisted in all case managers being CAN’s certified and ensuring all paperwork is completed and up to date prior to any services being recommended to the CPMT. Our FAPT is also utilizing the CAN’s during FAPT to help assist in addressing the strengths and needs of the family. The majority of this concern was completed prior to the May 30, 2016 audit; however, it had not been officially approved by CPMT. (As of June 2016, all of the above have been addressed and implemented.)”
- “CPMT concurs with the audit observation pertaining to a strategic plan. CPMT intends to take action on this and will set a target date of completion for the strategic plan as 4/24/2017.”
- “Our CPMT approved the change in Fiscal Agent of CSA from the Director of Social Services, Mrs. Vanesa Livingstone, to the CPMT Chair and County Administrator, Mr. Morgan Quicke. This change creates more layers of separation for CSA and creates a more open and efficient framework.


Our CPMT also established a policy for all approved reimbursement reports to be provided to both the CPMT and County Finance Department. The Director of Social Services, Vanesa Livingstone, has provided step by step instructions on how to pull the Medicaid reimbursement report. This report is reviewed thoroughly by the Director of Social Services, Family Services Workers and the CPMT chair to ensure that Richmond County is only paying for Children within our Locality.”

Richmond County CPMT has submitted an acceptable quality improvement plan for all significant non-compliance issues and internal controls weaknesses identified with the completion of the self-assessment workbook and items identified in this report. We ask that you 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.

R. Morgan Quicke, CPMT Chair
Richmond County CSA Program Self-Assessment Validation
January 24, 2017
Page 5

We would like to thank the Richmond County Community Policy and Management Team 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 Vanessa Livingston, DSS Director and Elizabeth Smith former CSA Coordinator during our on-site visit. Ms. Livingston and Ms. Smith's efforts enabled the audit staff to quickly resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions

Sincerely,


Annette E. Larkin
Program Auditor

cc: Scott Reiner, Executive Director
Elizabeth Smith, CSA Coordinator
Stephanie Bacote, Program Audit Manager
SEC Finance and Audit Committee