

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

***Tazewell County***

***Audit Report No. 19-2018***

***August 28, 2018***



**Office of Children's Services**  
Empowering communities to serve youth

# TABLE OF CONTENTS

*Executive Summary*

*Introduction* ..... 1

*Background* ..... 2

*Observations and Recommendations*

*A) Governance Activities* ..... 3 - 4

*B) Fiscal Activities* ..... 4 - 5

*Conclusion* ..... 6

*Report Distribution* ..... 7

## EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the Tazewell County Children's Services Act (CSA) Program. The Tazewell County CSA Program provided services and/or funding for approximately 89 youth and families in Fiscal Year (FY) 2017. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2017, significant achievements for Tazewell County and the CSA Program were:

- the percentage of youth with a decrease in CANS behavioral/emotional needs domain exceeded the statewide average by 16.8%;
- the percentage of foster care youth in family-based placements exceeded target by 1% and the statewide average by 5%; and
- the percentage of youth exiting foster care to a permanent living arrangement exceeded the target by 2.2% and the statewide average by 5.8%.

However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there were deficiencies in internal controls that could adversely impact the effective and efficient use of resources, as well as compliance with statutory requirements. The following significant issues were identified:

- Local CSA policies and procedures did not consistently adhere to CSA statutes governing confidentiality and Intensive Care Coordination.
- Tazewell County CSA Program was reimbursed \$1,333 (state share) in FY 2017 where expenditure reimbursements were not recorded in the correct expenditure reporting category in the pool fund report. The error resulted in the state paying a higher share of the cost of services provided than required due to the differences in the match rates for the services provided (residential vs education).

OCS appreciates the cooperation and assistance provided on behalf of the Tazewell County CPMT and other CSA staff. Formal responses from the Tazewell 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 Tazewell 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 August 28, 2018 and covered the period April 1, 2017 through March 31, 2017.

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 local CSA programs.
- 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.
- Assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Tazewell County CPMT. The CSA program audit self-assessment validation was completed March 9, 2017.

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

Tazewell County covers 522 square miles in the southwestern portion of Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Tazewell County has a population estimate of 42,574 as of July 1, 2017. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2011-2016 as \$38,238.

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) who plan and oversee services to youth. The Tazewell 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 Tazewell County  
(2014-2017)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2014	114	-7	-6%	\$1,763,382	-\$73,563	-4%	\$15,468	2%
2015	100	-14	-12%	\$2,159,835	\$396,453	22%	\$21,598	40%
2016	102	2	2%	\$1,827,048	-\$332,787	-15%	\$17,912	-17%
2017	88	-14	-14%	\$1,412,462	-\$414,586	-23%	\$16,051	-10%

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

FY	Pool Expenditures
2014	\$1,763,382
2015	\$2,159,835
2016	\$1,827,048
2017	\$1,412,462

FY	Census
2014	114
2015	100
2016	102
2017	89

FY	Unit Cost
2014	\$15,468
2015	\$21,598
2016	\$17,912
2017	\$16,051

**OBSERVATIONS AND RECOMMENDATIONS**

**A) GOVERNANCE ACTIVITIES:**

<b>Observation #1:</b>	
<b>Criteria</b>	<b>Compliance and Internal Control - Repeat Observation</b>

The Code of Virginia, Children’s Services Act requires that Consent-to-Exchange information be obtained from the parent and/or legal guardian to share client information collected by partnering agencies and other providers with the local CSA representatives. The consent to exchange information for 5 out of 11 (45%) cases files was either missing, expired or incomplete. Failure to document that consent was properly obtained increases the likelihood of non-compliance with CSA statutory requirements and potential liability due to the unauthorized exposure of protected information.

The compliance observation referenced in this report was also identified in the prior audit report issued March 9, 2017. The Tazewell County CPMT submitted a Quality Improvement Plan (QIP) with April 10, 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 client case file documentation 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 FAPT and CSA Coordinator should ensure that all required documentation is maintained in client case files, including Consent to Exchange Information forms.
- The CPMT should update the QIP and monitor the status of timely completion of tasks addressing each compliance and internal control weakness identified.

**Client Comment**

“At August 27, 2018 CPMT meeting it was decided that we would have on going monitoring monthly and it would be added to our agenda.”

<b>Observation #2:</b>	
<b>Criteria</b>	<b>Compliance and Internal Control</b>

Written policies and procedures are not consistent with state statutes, established CSA guidance, and/or best practices that direct the CPMT to ensure procedures are established to govern local CSA programs. The CPMT has not developed and incorporated polices for providing Intensive Care Coordination (ICC) services for children who are at risk of entering or are placed in residential care through the CSA program in accordance with the criteria established by statute.

**Recommendation**

The CPMT should immediately establish and document policies governing the provision of ICC services to reflect current state and local CSA practices and requirements.

**Client Comment**

“At the August 27, 2018 CPMT meeting it was stated that the review panel is putting in place the updated policies and procedures to establish and document policies governing the provision of ICC services to reflect state and local CSA practices and requirements.”

**Observation #3:**

**Criteria**

**Internal Control**

The CPMT has not established a formal orientation and/or continuing education training program to ensure new and existing local CSA stakeholders are afforded awareness on the duties and responsibilities of CPMT, state requirements (e.g. legislative changes), and local policies and procedures governing CSA. The establishment of a formal training program will ensure stakeholders understand and can further articulate the purpose and the responsibilities of the CPMT and FAPT. In addition, continuing education programs promote consistent application of state requirements and local CSA policies and procedures.

**Recommendation**

The CPMT should implement a process to periodically assess the training needs of new and existing CPMT, FAPT, and community stakeholders. The CPMT should develop and implement a formal training agenda. At least annually, the CPMT should report on continuing education acquired and/or provided by CPMT and FAPT members as well as participation by community stakeholders (i.e. parent representatives, private providers, etc.).

**Client Comment**

“At August 27, 2018 CPMT meeting it was decided that trainings will include CPMT and FAPT members. Also we discussed having an individual provide training for CPMT and FAPT in addition to the modules. The four online module trainings are to be completed by September 30, 2018.”

**B) FISCAL ACTIVITIES:**

**Observation #4:**

**Criteria**

**Internal Control**

Expenditures were misclassified and recorded incorrectly in the pool fund reimbursement requests for one (1) out of eleven (11) client case files reviewed. The client records reviewed documented the mandate type Residential-Congregate Care-CSA Parental Agreement; however all expenditures, including

residential room and board, were recorded in the Educational Services-Congregate Care expenditure category. The local incentive match rate for Educational Services-Congregate Care has a lower match rate than Residential-Congregate Care-CSA Parental Agreement, which resulted in the state paying a higher share of the costs for services provided. A summary of the questioned cost is shown in the table below:

SERVICE MONTHS	EXPENDITURE CATEGORY – CONGREGATE CARE	TOTAL AMOUNT	INCENTIVE MATCH RATES		
			Local Share		
			Residential	Education	Variance
April 2017 – February 2018	Residential Services – CSA Parental Agreements	\$21,710	0.3069	0.2455	0.0614
<b>MISCLASSIFICATION OF EXPENDITURES</b>		State Share	Local Share		
Actual Reimbursement		\$16,380	\$5,330		
Correct Reimbursement		\$15,047	\$6,663		
Questioned Cost		<b>\$1,333</b>			

#### Recommendation

- The Tazewell County, CSA Coordinator and/or fiscal agent should ensure expenditures are reported in the appropriate expenditure category prior to the submission of the pool fund reimbursement report.
- The Tazewell County CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether 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 of whether the identified actions are acceptable or any additional actions that may be required.

#### Client Comment

“Our agency has in place internal controls to ensure that all expenditures are charged to the correct budget line and/or CSA category. Generally, all case actions created are reviewed by three to four different individuals, e.g., caseworker, supervisor, CSA Coordinator and Fiscal Assistant before a payment is made. We work diligently to be accurate with all our payments and reporting.

We have in place that once the case action reaches our CSA Coordinator for review, she will initial the case action to show the category selected on the case action is correct compared to the mandate type documented in the case file. If we find anything incorrect, the case action will be returned to the appropriate caseworker for correction.

We currently keep a list of all open CSA cases and we can include the CSA Mandate type for each case. We can put in place that once the case action comes to our Fiscal Assistant and a pre-check list is printed, she can review the pre-check list to make sure the correct mandate type has been chosen. This could be another internal control put in place to ensure payment accuracy.

We are willing to make any corrective action to be sure we do not have any expenditures misclassified and recorded incorrectly.”

## CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Tazewell County CSA program. Conditions were identified that could adversely impact the effectiveness and efficient use of resources as well as compliance with statutory requirements. An exit conference was conducted on August 16, 2018 to present the audit results to the Tazewell County CPMT. Persons in attendance representing Tazewell County CPMT were Ms. Melinda Smith, CPMT Chair, Tazewell County School Board, Ms. Charity Whitt, Department of Social Services; Ms. Shanun Smith, CSA Coordinator, Department of Social Services; and Ms. Arlene Matney, Fiscal Agent, Tazewell County Administration.

Representing the Office of Children's Services was: Rendell R. Briggs, Program Auditor. We would like to thank the Tazewell 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  
Patricia Green, Tazewell County Administrator  
Melinda Smith, CPMT Chair  
Arlene Matney, CPMT Fiscal Agent  
Shanun Smith, CSA Coordinator  
SEC Finance and Audit Committee