

***COMPREHENSIVE SERVICES ACT
PROGRAM AUDIT***

Orange County

Audit Report No. 05-2014

May 19, 2014



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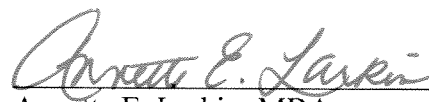
EXECUTIVE SUMMARY

The Office of Comprehensive Services has completed an audit of the Orange County Comprehensive Services Act for At Risk Youth and Families program. Our audit concluded that there were material weaknesses¹ in internal controls, particularly in reference to governance and accountability of the \$1.67 million of allocated (state and local) funding for fiscal year 2013. Conditions were identified that could adversely impact the effective and efficient use of resources, as well as non-compliance with statutory requirements. The following significant issues were identified:

- The Orange County CPMT has not documented coordination of a formal long range plan to establish goals, objectives, and strategies as a means to fully measure and evaluate the operational and fiscal effectiveness of the local CSA program.
- A formal process for documenting utilization management activity has not been implemented, particularly pertaining to monitoring utilization and performance of residential placements. Utilization management reviews are pertinent to the informed decision making responsibilities of the CPMT.
- Procedures to govern documentation, monitoring, and collection of past due parental contributions assessed by the CPMT have not been established.

The Office of Comprehensive Services appreciates the cooperation and assistance provided on behalf of the Orange County CPMT and other CSA staff. Formal responses from the Orange County to the reported audit observations are included in the body of the full report.


Stephanie S. Bacote, CIGA
Program Auditor


Annette E. Larkin, MBA
Program Auditor

¹ Material weaknesses in internal controls is defined by Statement of Auditing Standards No. 117 issued by the American Institute of Certified Public Accountants as "a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis." The CSA Program audit is not an audit of financial statements, therefore; an opinion on management assertions presented in the locality Comprehensive Annual Financial Report is not being rendered.

INTRODUCTION

The Office Comprehensive Services has completed a financial/compliance audit of the Orange County Comprehensive Services Act for At-Risk Youth and Families program. The audit was conducted in accordance with generally accepted government 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 May 14, 2014 and covered the period October 1, 2012 through September 30, 2013.

The objectives of the audit were to:

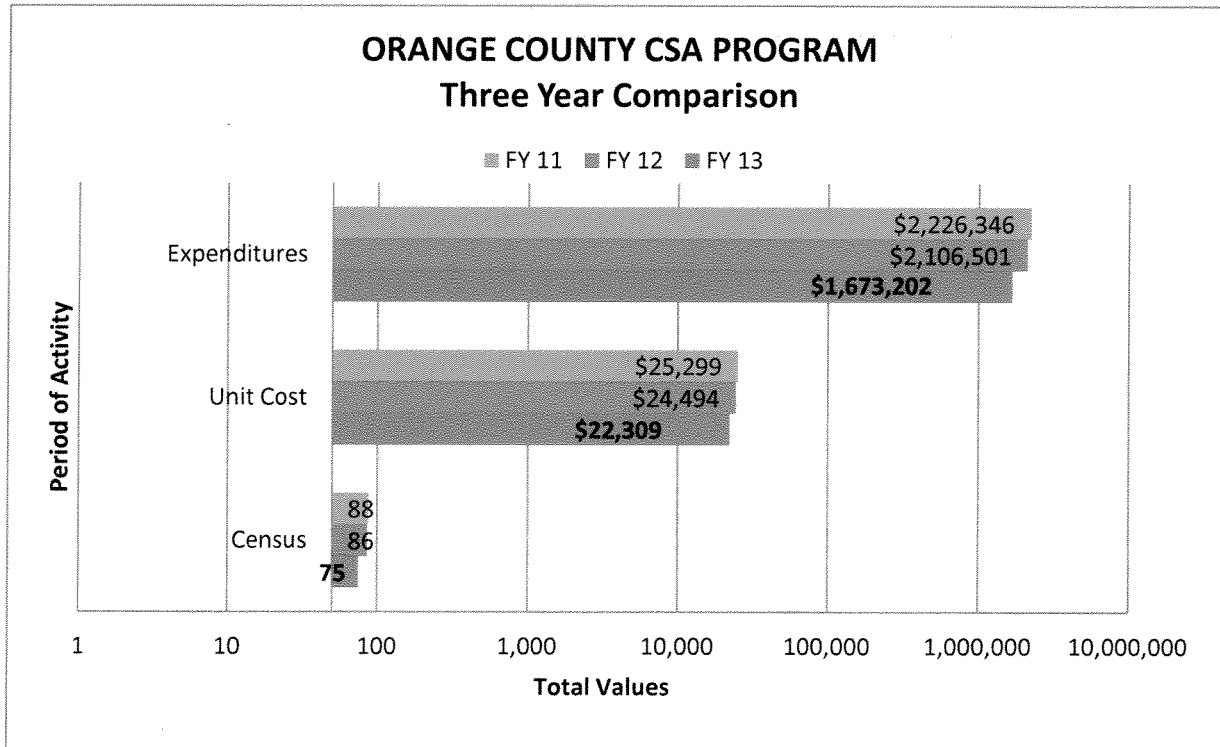
- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To assess whether operations 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.

The scope of our audit included all youth and their families who received CSA funded services during fiscal years 2013 - 2014. Audit procedures performed included reviews of relevant laws, policies, procedure, and regulations; interviews with various CSA stakeholders; flowcharts of operational and fiscal processes; various tests and examination of records; and other audit procedures deemed necessary to meet the audit objectives.

BACKGROUND

The Comprehensive Services Act for At-Risk Youth and Families (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. Of the approximate \$278 million appropriated by the Virginia General Assembly and local governments to fund CSA, the initial allocation (state and local funds) for Orange County in fiscal year 2013 was \$1,485,995. Actual net expenditures for this period totaled \$1,673,202, which represents a 12% increase above the initial fiscal year 2013 funding allocations. Supplemental funding allocations totaling \$198,209 were requested and granted to cover the increase in expenditures for “sum sufficient” services provided to eligible at-risk youth and families.

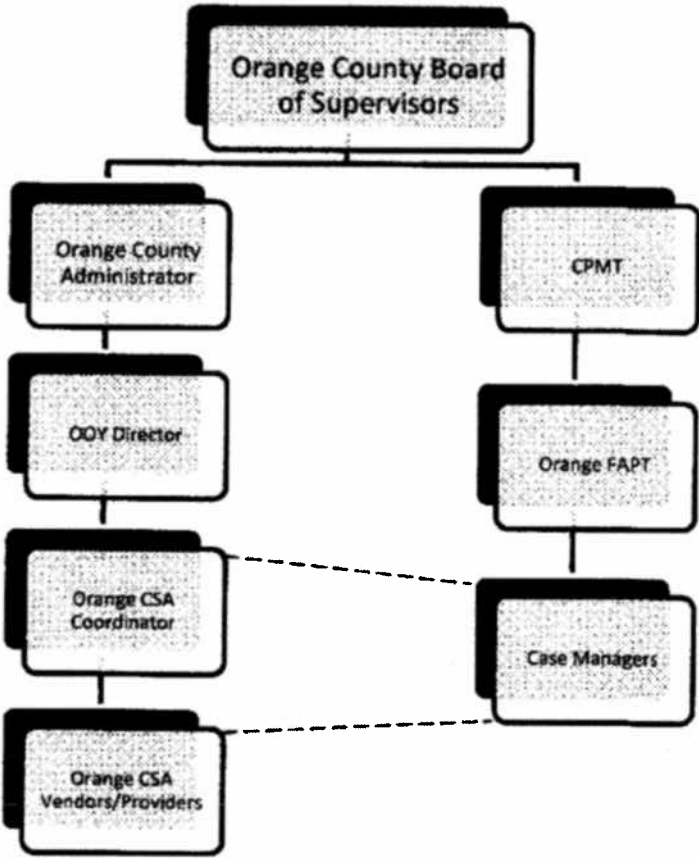
Orange County is located in Virginia’s north-central Piedmont region. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Orange County has a population estimate of 34,143 as of July 1, 2013. Based on reported expenditures for fiscal year 2013, the estimated average per capita cost of CSA in the Orange County is \$49. An analysis of Orange County CSA expenditures, population, and cost per child (“unit cost”) indicated expenditures are trending downward. Expenditures have decreased approximately 33% from fiscal year 2011 to fiscal year 2013. The chart below depicts a comparison for fiscal years 2011 through 2013.



Source: CSA Website, Statewide Statistics (http://www.csa.virginia.gov/publicstats/csa_pool.cfm)

The state funds, combined with local community funds, are managed by local interagency teams, referred to as “Community Policy and Management Teams” (CPMT) who plan and oversee services to youth. The Orange County CPMT is supported in this initiative by the “Family Assessment and Planning Team” (FAPT) responsible for recommending appropriate services. Administrative support to the CPMT and FAPT is provided by a full-time CSA Coordinator. The local management structure for Orange County is as follows:

**ORANGE COUNTY
COMPREHENSIVE SERVICES ACT
ORGANIZATIONAL CHART**



---- = Case Managers will work with the CSA Coordinator and Vendors/Providers to ensure services are being provided. Final approval for payment and arrangements for families will be provided to the Vendors/Providers from the CSA Coordinator.

Source: Orange County Office on Youth

OBSERVATIONS AND RECOMMENDATIONS

A) CPMT GOVERNANCE

Observation 1: Adequate measures have not been established and/or implemented by the Orange County 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:

- The Orange County CPMT has not coordinated and documented a formal long-range plan that includes an assessment of the current risks, strengths, and needs of the existing program. The CPMT has not explicitly defined goals, objectives, and strategies to promote and facilitate the direction of the local CSA program.
- The CPMT has not established measurable performance criteria based upon assessments of child/family outcomes and provider performance necessary for evaluating accountability and effectiveness of the local CSA program.
- Formal, written reports describing program utilization outcomes and financial position are not presented to the CPMT. The CPMT does receive a verbal account of financial position of the CSA program, which is not reflected in the minutes of the monthly meetings. Instead, formal reports are presented to Orange County Board of Supervisors (BOS). At the time of this review, the CPMT has not established its own similar criteria or entered into the formal records (meeting minutes) a review of the reports presented to the BOS. It should be noted that the information communicated to the BOS is publicly accessible with the minutes of the BOS meetings.

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 may affect the integrity of the CPMT's governance activities, maximizing the use of state and community resources, and ultimately local efforts to better serve the needs of youth and families in the community.

Criteria: COV Section § 2.2-5206, Item 4, 6, 9, and 13; CSA Manual 3.1.5 Duties and Responsibilities; Toolkit Coordinated Long Range Planning

Department of Accounts (DOA) Agency Risk Management and Internal Control Standards (ARMICS), Control Environment, Risk Assessment, and Control Activities

Recommendation: 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 programs operations. The CPMT could initiate the discussion using information collected in the development the Annual Gap Survey.

The CPMT should develop measurable criteria to be used for evaluations of program accountability and effectiveness.

The CPMT should implement a process for ensuring that reports on utilization and fiscal position are formally presented periodically. The reports should become a formal part of the meeting records. The CPMT should also ensure that they establish the criteria for reporting elements to be presented.

Client Comment: Concur. “The Orange County CPMT has begun the process of developing a long term strategic plan for our CSA program. The process has been started by a small, core committee and will be expanding in order to reach our stakeholders. It will include the recommended information relayed in the audit report. We understand this may be a long process and intend to request guidance from other localities as to the layout and amount of information included in order to adequately meet our needs in Orange County.”

“The Orange County CPMT will determine at the beginning of each fiscal year what measurable criteria is to be used to measure the impact of our CSA program on our youth and families. This decision will be based on information provided to CPMT on the status of current cases in order for the needs of our children and families to be met.”

“The CPMT Chair has already added a “Finance” report to the agenda for each and every CPMT meeting. This will include a copy of the monthly report that is presented to the Orange County Board of Supervisors as well as any additional pertinent information that may arise. The discussions surrounding the financial status will be documented in the CPMT monthly minutes.”

Observation 2:

Opportunities exist to improve communication of the philosophy, ethics, goals, objectives, policies, procedures adopted and performance outcomes achieved by the Orange County CSA Program. There was little indication of how this information is communicated beyond the CPMT. Exceptions were noted with regard to the effectiveness of dissemination of information regarding program activities as follows:

- There exists no formal education program to orient new and existing local CSA stakeholders (government agencies, families, providers, community) and ensure that they are afforded awareness of the responsibilities of CPMT, State requirements, local CSA policies and procedures, and performance outcomes of the program. Further, participation by CPMT and FAPT in continuing education specifically relating to CSA has been limited.
- Documentation of the minutes of the monthly CPMT meetings was not prepared and approved timely. March 2013 – August 2013 meeting minutes were not documented until Oct. 9, 2013. For the months of February 2013 and July 2013, there were no minutes available to review. Lastly, the minutes/agenda do not document CPMT efforts in monitoring, budgeting, and evaluation of operational and financial effectiveness.

The broader dissemination of information to all CSA stakeholders promotes consistency in awareness and understanding regarding accessibility to services, and also demonstrates high standards for sound fiscal accountability and responsible use of taxpayer funds.

Criteria:

COV Section § 2.2-5200 Intent and purpose; definitions, Items A.4 through A.6

COV Section § 2.2-5206. Community policy and management teams; powers and duties

DOA ARMICS, Control Environment: (1) Oversight by the Agency's Governing Board, (2) Workforce Competence and Human Resources Development and (3) Control Activities

Recommendation:

The CPMT should implement a process to enhance communications with partner agencies, youth, families, and community stakeholders to promote the local CSA program and share information regarding the program's policies, procedures, philosophy, ethics, goals, performance, budgeting, etc. Suggested actions to be considered may include, but not limited to, the following:

- Utilize the existing website for ongoing distribution of information to the public and community stakeholders (population served, annual expenditures, or costs per child, successful financial/program outcomes).
- Include reporting of performance outcomes as a standing agenda item for CPMT meetings.
- Utilize surveys to solicit stakeholder feedback.
- Publications (e.g. pamphlets, newsletter, articles, publish public meeting minutes)
- Periodically assess the training needs of CPMT, FAPT, and community stakeholders. Based upon assessment results, develop and implement a formal training agenda. At least annually, report on continuing education acquired/provided by CPMT and FAPT members as well as participation by community stakeholders (i.e. parent representatives, private providers, etc.).

Client Comment:

Concur. “The Orange County Office on Youth will be working to develop a formal training program for current and future members of both FAPT and CPMT. We plan to reach out to other localities in order to see what is already being done in so that we may find templates that could be changed to meet our needs versus starting from scratch. In addition, trainings have been added to FAPT meetings when deemed necessary for the review of policies and procedures and other necessary updates. It is the Office on Youth’s intent that the months that include a fifth Wednesday will be reserved for CSA training. All training attendance will be documented on a sign-in sheet.”

“The agenda for the monthly CPMT meetings has been completely re-organized and includes permanent discussion topics each month to include a finance report. The minutes will be documented in a timely manner in order to start posting them to our county website. This will allow us to maintain more communication about our program to the community.”

“A small committee will be formed to address additional ways to ensure our program has a more thorough community presence. The suggestions provided in the audit will be taken in to consideration and utilized so that the public can understand what our CSA program is doing for our community.”

Observation 3:

The policies and procedures governing the Orange County CSA program do not adequately address intensive care coordination (ICC) and collection of information pertaining to special education students. Specific instances observed were noted as follows:

- Policies and procedures have not been developed to govern ICC services as required by the Comprehensive Services Act. An agreement with the CSB was drafted in Sept. 2009, was never signed, and has since expired effective Dec. 2009.
- The CPMT has established a process for collecting and maintaining data on students receiving congregate or private day education services. However, the process has not been formally documented and adopted by the CPMT as the local procedure.

As a result of these circumstances, compliance requirements of CSA are not being fully met. Further, there is increased risk that existing practices are not always consistently applied.

Criteria: COV Section § 2.2-5206. Community policy and management teams; powers and duties

2011 Appropriations Act, Chapter 890, Item 274 § C.3.d.

CSA Policy Manual Section 8.1 and 8.2, Utilization Management and Intensive Care Coordination

DOE/OCS Joint Memo, Reporting of Student Testing Identifier to CPMT for IEP Placements in Private Programs

Recommendation: The Orange County CPMT should adopt written procedures governing ICC and the collection of information pertaining to SPED students. Further, the CPMT should implement a process for managing procedure reviews to ensure policies and procedures are developed and documented in accordance with CSA requirements. This process may include, but not limited to, documentation of the following: effective dates, evidence of periodic reviews, mandatory dates for updating procedures, and CPMT approval of adopted procedures.

Client Comment: Concur. “The CSA Coordinator has been meeting with the Community Services Board CPMT representative in order to establish a written policy for ICC in Orange County. Once the written policy is complete, CPMT will adopt the policy and add it to our policy and procedure manual.”

“The CSA Coordinator has also begun working with the Public School CPMT representative in order to have a formal written policy in regards to special education students. Orange County had been keeping track of this

information; however, a written policy was not included in our policy and procedure manual. The recommendations outlined in our audit report will be taken into consideration while completing the policy.”

B) PROGRAM ACTIVITIES

Observation 4: Client specific utilization reviews are performed in coordination with FAPT service planning activities. However, a formal process documenting utilization management activity has not been implemented, particularly pertaining to monitoring utilization and performance of residential placements. Utilization management reviews are pertinent to informed decision making responsibilities of the CPMT, which includes:

- 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.

Criteria: COV Section [§ 2.2-5206](#). Community policy and management teams; powers and duties
CSA Policy Manual Section 8.1 Utilization Management
DOA ARMICS, Control Environment and Control Activities

Recommendation: The CPMT should develop and monitor implementation of the UM/UR plan once established. The CPMT should initiate a process that requires periodic reports on the status of UM/UR activities to be presented at the CPMT meetings. To ensure information provided is useful in CPMT decision making, the CPMT should identify required reporting elements. The CPMT could expedite this process should they consider adopting the [State Sponsored UM CSA Checklist](#) to meet the requirements, which may be modified to meet the specific needs to the local program.

Client Comment: Concur. “The Orange County CPMT will be developing a formal utilization management program as outlined in our audit report. Our Program Auditor, Stephanie Bacote, has provided information to be used in order to complete this task. This information will be reviewed and a

program that meets the needs of Orange County will be developed and approved by CPMT.”

Observation 5: Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Eight case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and /or multi-disciplinary team (MDT) referral and CPMT funding decisions. The results of the examination, identified opportunities for improvements based on the following:

Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to coordination and service planning by FAPT. Data omitted from case files reviewed included: (1) consent to exchange information, (2) IFSP data elements necessary for service planning were omitted, such as presenting problem, child/family history, child/family strengths, and clearly defined service dates (3) vendor contract/treatment plan/progress notes, and (4) parental co-pay assessment. At least one of the described exceptions was observed in 7 of 13 (53%) case files reviewed.

Insufficient data collection and poor document management in service planning may lead to increased operational and fiscal inefficiency and ineffectiveness of the local program. Further, this condition fosters an environment that makes the program more susceptible to potential loss of accessibility to State funding in support of local programs as a result of non-compliance with CSA statutes regarding service planning and access to pool funds.

Criteria: COV Section § 2.2-5208, Item 5, Family assessment and planning team; powers and duties

CSA Policy Manual Section 3.5 Records Management Tool Kit, CPMT Guidelines for Records Management and CSA Documentation Inventory

CSA Policy Manual Section 4.3.5 Provision of Services

DOA ARMICS, Control Environment and Control Activities

Recommendation: Prior to service planning, the CSA Coordinator and the FAPT should verify and obtain copies of current consent to exchange information. The CSA Coordinator should also ensure that sufficient data is collected and documented to evidence the requirements of service planning activities are met, and that correspondence is maintained in the client case file in order

to substantiate services recommended to CPMT for funding authorization. Lastly, periodic case file reviews should be performed by someone other than the CSA Coordinator to establish quality control of client records and to ensure compliance with CSA statutory requirements.

Client Comment:

Concur. “The importance of information in the children’s files has been stressed to FAPT members and will be addressed again in a formal training at the end of July. In addition, the CSA Coordinator and the Office on Youth Director will be reviewing our IFSP that is currently used to see if changes to make it more user-friendly can be made. We will also mark which fields need to be updated at each review in order to make it easier for case managers to ensure these fields are updated appropriately.”

The CSA Coordinator and Office on Youth Director will also be reviewing the documentation process of the Orange CSA file cases to see if the files could be arranged in a different manner, and make any necessary changes, to ensure all paperwork is always present. Periodic reviews will be conducted to ensure compliance is maintained with this documentation process.”

C) FISCAL ACTIVITIES

Observation 6:

A formal process has not been established for documenting, monitoring, and collecting past due parental contributions assessed by the CPMT. As a result, sufficient measures have not been taken to facilitate timely notification of past due accounts and initiate collection procedures in order to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool funded services. Under current conditions, the opportunity lost for collection of additional funds could materially impact the local program’s ability to increase funding availability for services required to meet the needs of the community.

Criteria:

§ 2.2-5206 (3), Community policy and management teams; powers and duties

2011 Appropriations Act, Chapter 890, Item 274 § F.

DOA ARMICS, Control Environment and Control Activities

Recommendation:

The CPMT should review the current co-pay policy and consider incorporating procedures for monitoring and collecting past due accounts. The CPMT should also determine the current status of parental contribution delinquencies, and initiate efforts to collect past due amounts.

Client Comment: Concur. “The Office on Youth is in the process of changing the parental co-pay collection process taking this responsibility from the CSA Coordinator and giving it to the Office on Youth Accounting Clerk. This positions main job is billing and account collections within the office. We hope this transition will ensure all payments are collected and reported in a timely manner. This transition will hopefully be completed by the beginning of the next fiscal year in order for our office to sort out the details and develop a smooth procedure.”

Observation 7: A formal process has not been established to document the reconciliation of CSA reported fund balances and the locality’s reported general ledger account fund balances. A reconciliation of fund allocations/supplements, expenditures, reimbursements, Medicaid adjustments, and cash balances was not encompassed in the existing practice. Standard industry best practices dictate that fund balances are formally reconciled at least annually at the close of the year end business cycle. Complete fund balance reconciliation further enhances 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.

Criteria: CSA Policy Manual Section 4.5.8 Fund Audit and Toolkit
DOA ARMICS, Control Activities.

Recommendation: The CPMT should ensure that a process is established for fully reconciling the CSA fund balances, to include pool fund allocations/supplements, expenditures, reimbursements, Medicaid adjustments, and cash (where applicable) with local government general ledger accounts.

Client Comment: Concur. “The Office on Youth staff is working with the Orange County Finance Department on developing an appropriate reconciliation process for our program. We have met regarding the direction we should go and have consulted our County auditing company. In addition, we will be consulting with other localities to explore different procedures so that we may develop an effective process for our program.”

“Again, I would like to thank you for your hard work and dedication to help make our program more successful. The feedback received during our audit process is very much appreciated and will prove to be helpful as we continue to help our children and families.”

CONCLUSION

Our audit concluded that there were material weaknesses¹ in internal controls over the Orange County CSA program, particularly in reference to governance and accountability of the \$1.49 million of allocated (state and local) funding for fiscal years 2013. Conditions were identified pertaining to the governance and fiscal practices of the locally administered program that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. An exit conference was conducted on May 6, 2014 to present the audit results to the Orange County CPMT. Persons in attendance representing the Orange County CPMT: R. Bryan David, Orange County Administrator; Alisha Vines, CPMT Chair/Orange County Office on Youth; Bob Lingo, Director of Social Services; Marilyn Dunphy, Orange County Department of Health; and Letitia Douthit, CSA Coordinator. Representing the Office of Comprehensive Services was Stephanie Bacote, Program Auditor. We would like to thank the Orange County CPMT and related CSA staff for their cooperation and assistance on this audit.

¹ Material weaknesses in internal controls is defined by Statement of Auditing Standards No. 117 issued by the American Institute of Certified Public Accountants as "a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis." The CSA Program audit is not an audit of financial statements, therefore; an opinion on management assertions presented in the locality Comprehensive Annual Financial Report is not being rendered.

REPORT DISTRIBUTION

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