



COMMONWEALTH of VIRGINIA

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

October 20, 2015

Mr. Lanny Large, CPMT Chair
Russell County CSA Program
POB 386
Clintwood, VA 24228

RE: Russell County Children's Services Act (CSA) Program Audit Self-Assessment Validation
File No. 41-2013

Dear Mr. Large,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Years 2013-2015, the Russell County Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local CSA Program by the established due date of January 31, 2013. An on-site visit was scheduled and conducted by our Program Compliance Specialist, supervised by the OCS Program Audit Manager, on April 9, 2015 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 Russell County CSA program, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Russell County CPMT. We agree that no non-compliance observations were found in the design or operation of the processes or services conducted on behalf of Russell County CSA. However, we do not agree with the Russell County CPMT's conclusion that there were no significant internal control weaknesses. The explanations for our assessment results are as follows:

The Russell County CPMT concluded that there were only non-significant compliance and/or internal control weaknesses identified. However, validation procedures of the locally prepared CSA Self-Assessment Workbook noted major deficiencies¹ that weaken internal controls established by the local CSA program. An adequate system of internal control is contingent upon appropriate reviews, authorizations, and clear lines of authority/responsibility governing operational and fiscal activities. The lack of appropriate reviews, authorizations, and blurred lines of authority /responsibility are deemed significant. Refer to page 2 for a detailed description of the internal control weaknesses observed.

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 INTERNAL CONTROL WEAKNESSES	
•	<p>The Russell County CSA policy manual does not include written policies/procedures to govern parental co-pays. In lieu of a formal policy, the CSA referral packet includes instructions for completing the co-pay assessment. However, the instructions direct the case manager performing the assessment to contact the CSA Coordinator for guidelines relative to extenuating circumstances (i.e. families who have more than one child receiving services). This practice poses increased risk for inconsistency in co-pay determinations and blurs the lines of authority/responsibility. In the absence of a formal written policy adopted by the CPMT, the CSA Coordinator establishing guidelines governing extenuating circumstances implies that the CSA Coordinator is creating operating policy. Per CSA statute, the CPMT is the recognized policy making body for the local CSA program.</p> <p><i>Criteria</i></p> <ul style="list-style-type: none"> ○ § 2.2-5206 Community policy and management team; powers and duties, Items 1 and 3 ○ Virginia Department of Accounts, Agency Risk Management and Internal Control Standards: Control Environment – Oversight by the Agency’s Governing Board and Assignment of Authority and Responsibility.
•	<p>Utilization reviews are performed by the Russell County Family Assessment Planning Team in accordance with the Russell County CSA Utilization Management/Utilization Review (UM/UR) Plan. However, the current UM/UR plan primarily covers the frequency of reviews based on the type of services provided. The UM/UR plan does not address, in detail, the criteria used in performing utilization reviews or documentation requirements to evidence the results of the utilization review.</p> <p><i>Criteria</i></p> <ul style="list-style-type: none"> ○ § 2.2-5206 Community policy and management team; powers and duties, Items 6 and 13 ○ § 2.2-5206 Family assessment and planning team; powers and duties, Items 5 and 9
RECOMMENDATION	<p>The Russell County CPMT should take appropriate action to ensure that:</p> <ul style="list-style-type: none"> • Written policies/procedures governing parental copays are established and formally adopted. The policy/procedure adopted should address criteria and/terms pertaining to extenuating circumstances. • Criteria for performing and documenting utilization reviews are established and incorporated in the approved UM/UR plan.
CLIENT COMMENT	<p>Russell County CPMT is currently in the process of reviewing local policies and procedures and are making the necessary revisions/additions to fulfill the state standards for parental co-pay and UM/UR. Revised CPMT policies and procedures will be sent to OCS upon approval. Also, a committee consisting of FAPT/CPMT/CSA Coordinator reviewed the current sliding scale fee and household income forms and revised accordingly. On July 1, 2015, Russell County CSA began using a revised FAPT Review Form that incorporates state standards for UR/UM. Copies of the new Household Income Form and the FAPT Review Form were provided to the auditor.</p>

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OCS has received the quality improvement plan submitted on behalf of the Russell County CPMT and respectfully requests that you provide an update regarding your progress in implementing the specified improvements. We would like to thank the Russell County 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 Pamela Hendrickson-Wimmer, CSA Coordinator during our on-site visit. Ms. Hendrickson-Wimmer'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,


Stephanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Interim Executive Director
Lonzo Lester, Jr., Russell County Administrator
Patrick Brunty, CPMT Fiscal Agent
Director, Russell County Department of Social Services
Pamela Hendrickson-Wimmer, CSA Coordinator