

**STATE EXECUTIVE COUNCIL FOR THE CHILDREN'S SERVICES ACT
FINANCE AND AUDIT COMMITTEE MEETING
1604 Santa Rosa Road, Suite 137
Richmond, VA
April 8, 2016**

Attendees

Mary Biggs, Member, SEC (*by conference call*)
Louis Elie, Jr., Director of the Program Integrity Division, DMAS
Tiffany Gardner, Title IV-E Supervisor, VDSS
Catherine Hudgins, Member, SEC (*by conference call*)

OCS Staff

Scott Reiner, Interim Executive Director, OCS
Eric Reynolds, Assistant Attorney General
Stephanie Bacote, Audit Manager, OCS
Marsha Mucha, Administrative Assistant, OCS
Chuck Savage, Business Manager, OCS

Welcome and Introductions

Scott Reiner convened the meeting at 1:00 p.m. He welcomed everyone and introductions were made. Mr. Reiner provided an agenda overview.

Approval of Minutes

The minutes of the January 27, 2016 meeting were reviewed and approved without objection.

Status Report on FY16 CSA Expenditures, Projections and Budget Issues

Members were provided a copy of the CSA Pool Reimbursement Request Report Comparison (FY13-FY16) as of April 6, 2016. Mr. Savage reported that this report is available on the CSA public web site. The report provides access to the most current expenditure information as the report populates expenditure categories in real time.

Current expenditures are 4 to 5 percent ahead of the same date in FY15. The increase in expenditures in FY16 is primarily due to an increase in expenditures in special education private day placements.

Plan for Distribution of New CSA Local Administrative Funds

Mr. Reiner reported that the General Assembly has provided in the FY16-18 biennial budget \$500,000 in increased funding to support local CSA administrative costs. OCS is in the process of developing a funding methodology to provide fair and equitable distribution of these funds to localities. It was recommended the new general funds be distributed based on the existing locality specific percentage to total available administrative funds based from the existing Appropriation Act formula. The Committee concurred this is a fair method to distribute the new funds.

Developing the Process by which the Committee Wishes to Review Audit Findings and Assist the OCS in Developing a Response to Specific Audit Findings

Mr. Reiner provided members with a copy of the present Administrative Action Referral Procedure. The procedure establishes the process by which administrative action pertaining to locally administered CSA programs are directed and managed by OCS. This may include development of corrective action plans in consultation with localities and/or denial or recovery of state pool funds.

Members discussed various ways the Committee could be of assistance to the Executive Director and OCS when there is an administrative action referral. They also discussed whether or not the Committee could speak for the SEC.

During discussion it was noted that, there is a “disconnect” between CSA statute and the OCS Executive Director’s discretion to act on these administration actions. By statute the decision to deny state funding to a locality rests with the SEC. The Attorney General’s Office is reviewing various issues related to this matter and will provide an official opinion to OCS.

After further discussion, members decided the Committee would provide oversight and “post” finding review of the Executive Director’s decisions. . The Committee will also work on developing guiding principles and specific decision making criteria for the OCS process and committee review.

Program Audit Quarterly Report (1/1/16 – 3/31/16)

Mrs. Bacote provided members with the FY16 third quarter audit report. The report briefly summarized audit activities conducted during the third quarter. Members were also provided with samples of recent audits and the results of several self-assessment audits. She noted that audits are published on the CSA website.

Next Meeting and Adjournment

Mr. Reiner suggested that the next meeting be held in early June. There being no further business the meeting adjourned at 2:20 p.m.