

State Executive Council (SEC) Finance and Audit Committee Meeting
Hanover Room
1604 Santa Rosa Road
Richmond, VA 23229
February 27, 2019

Attending:

The Honorable Mary Biggs, Member, Montgomery County Board of Supervisors
Karen Kimsey for Jennifer Lee, M.D., Director, Department of Medical Assistance Services (DMAS)
(by telephone)
S. Hughes Melton, M.D., Commissioner, Virginia Department of Behavioral Health and
Developmental Services (DBHDS)
R. Morgan Quicke, County Administrator, Richmond County (by telephone)
Dottie Wells for Duke Storen, Commissioner, Virginia Department of Social Services (VDSS)
Kim Piner, Senior Assistant Attorney General, Office of the Attorney General
Scott Reiner, Executive Director, Office of Children's Services (OCS)
Zandra Relaford, Assistant Director (OCS)
Maris Adcock, Finance and Business Operations Manager (OCS)
Stephanie Bacote, Program Audit Manager (OCS)
Marsha Mucha, Administrative Assistant (OCS)

Welcome and Introductions

Scott Reiner called the meeting to order at 3:05 p.m. and welcomed everyone. Introductions were made. A motion allowing Ms. Kimsey and Mr. Quicke to participate in the meeting by telephone was made by Mary Biggs, seconded by Dottie Wells and carried.

Review of Committee Charter

Mr. Reiner provided members with the Committee Charter as approved in January 27, 2016. He also provided background information on the formation of the Committee as an ad hoc committee of the SEC and the Committee's work on policy 4.7, *Response to Audit Findings with Regard to the Children's Services Act*, which was adopted by the SEC in December 2017.

Orientation to the CSA Audit Program and Status Report on CSA Audit Activities

Stephanie Bacote, OCS Program Audit Manager, provided an orientation to the CSA audit program. She reviewed documents Committee members received related to the CSA auditing process, including the Program Audit Charter and the current CSA Audit Plan. Mrs. Bacote explained the audit engagement process for Committee members.

Mrs. Bacote further reported that the Audit team also provides training and education (i.e. CSA Conference) as well as providing technical assistance and assisting the CSA Program Consultants on matters related to individual localities.

Mr. Reiner followed-up Mrs. Bacote's presentation with the SEC's policies on denial of funds and the dispute resolution process. As previously noted, the SEC adopted policy 4.7, *Response to Audit Findings with Regard to the Children's Services Act*. The purpose of the policy is to guide OCS and improve consistency and transparency for localities when the OCS Executive Director is carrying out his/her duties under the SEC's Denial of Funds Policy in response to OCS audit non-compliance findings by local

CSA programs. He further explained that, internally, OCS has established an Administrative Action Referral Procedure by which referrals for administrative action regarding non-compliance findings in audits of local CSA programs are managed by OCS.

Overview of the CSA Budget, Recent General Assembly Actions and Current Budget Issues

Maris Adcock, OCS Finance and Business Operations Manager, provided an overview of the CSA budget and actions from the recently completed General Assembly session. Mr. Adcock noted that the Virginia Department of Education (DOE) serves as the OCS Fiscal Agent for the state pool funds. VDSS provides routine administrative support services to OCS through a Memorandum of Understanding (MOU).

Other CSA budget considerations include:

- An adjustment in appropriation for caseload and utilization (reduction of approximately \$6M in FY19 and FY20).
- A limit in expenditure growth in CSA (reduction of \$10M in FY20 to reflect a lower rate of spending growth for private day special education rates). Rates paid by localities for these services shall not exceed two percent above the rates paid in the prior fiscal year.

Mr. Adcock also addressed and answered questions concerning the funding allocation process, supplemental funding requests, and the local match rate.

Mr. Reiner noted that OCS would keep the Committee informed on the CSA budget development process once that activity begins later in the year.

Discussion of Future Agenda and Proposed Meeting Schedule

Mr. Reiner reported that he would like the Committee to consider the frequency of Committee meetings and selection of a Committee Chair from among the SEC members serving on the Committee. After discussion, it was decided that Mary Biggs and Morgan Quicke would serve as Co-Chairs. Ms. Biggs will report on behalf of the Committee at the SEC's March meeting. Members also decided to meet every six months in the month before an SEC meeting.

Update of the Committee Charter

Members reviewed a draft of an updated Committee Charter. Mr. Reiner noted that items 5 and 6 of the current Charter had been completed and removed from the draft. Dr. Melton recommended additional wording for item 1. Mr. Reiner will revise. Members agreed to adopt the draft Charter with today's date as the revision date.

Adjournment

There being no further business, the meeting adjourned at 4:50 p.m.