

**STATE EXECUTIVE COUNCIL FOR THE CHILDREN'S SERVICES ACT
FINANCE AND AUDIT COMMITTEE MEETING
1604 Santa Rosa Road, Suite 137
Richmond, VA
January 27, 2016**

Attendees

Mary Biggs, Member, SEC
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
Stephanie Bacote, Audit Manager, OCS
Marsha Mucha, Administrative Assistant, OCS

Welcome and Introductions

Scott Reiner convened the meeting at 1:00 p.m. He welcomed everyone and introductions were made.

Overview and Discussion of Proposed Committee Charge

Mr. Reiner explained that several years ago the SEC established three committees: the Executive Committee, Outcomes Committee and the Finance Committee. He noted that the Finance Committee had been meeting intermittently and on an ad hoc basis. Mr. Reiner further noted that the SEC, at its December 3, 2015 meeting, reconstituted the Finance Committee as the Finance and Audit Committee and agreed the reconstituted Committee's activities be expanded to include a review of OCS audit findings and consultation to the OCS on actions in response to those findings.

Mr. Reiner presented for review a proposed committee charter that included activities centered on review of programmatic expenditures and budgeting as well as OCS audit matters. Committee members endorsed the proposed charter noting its thoroughness. (The approved Charter is included at the end of these minutes).

Orientation and Status Report on CSA Expenditures and Budget Issues

Mr. Reiner provided an orientation on the establishment of CSA and the funding streams that created the "state pool" of funds used to reimburse localities for services provided through CSA as well as current CSA expenditure trends and tracking tools on the CSA website. Members were provided with several documents relevant to CSA expenditures and expenditure drivers.

During discussion it was deemed important by Committee members that reporting on expenditure trends and budget updates be provided to the SEC during their quarterly meetings.

Orientation to the CSA Audit Program and Status Report

Stephanie Bacote provided an orientation to the CSA audit program. She provided members with several documents related to the CSA auditing process including the current Program Audit Charter and the CSA Audit Plan for FY16. Mrs. Bacote explained the audit engagement process for Committee members. Future OCS Program Audit Quarterly reports will be shared with members of the Committee.

Mrs. Bacote and CSA Program Auditor, Annette Larkin, also provide training and education (i.e. CSA Conference) as well as provide assistance to the CSA Program Consultants on matters related to individual localities.

Discussion of Process for Review of Audit Findings and Approach to Development of Administrative Action Referral Procedure

Mr. Reiner noted that currently the OCS Executive Director has authority to respond to individual audit findings, including denial of funds and other corrective actions. Final appeal of denial of funds rests with the SEC. He further explained that there are no written guidelines in place to direct and manage development of corrective action plans and/or deny or recover state funds. Additionally, no process of consultation is in place prior to the Executive Director's exercise of their decision making authority.

Mr. Reiner provided an example of a decision making matrix developed by VDSS for Title IV-E. Because of time restraints, Committee members did not have a discussion but asked that OCS research and provide additional information to them on how other agencies handle these matters.

The Committee agreed to work to develop both a process for involvement in the decision making process in response to audit findings and policy guidance about how to respond to audit findings through corrective action plans, denial of funds, etc.

Next Meeting and Adjournment

Mr. Reiner suggested that the Committee meet quarterly. Members will be polled with some suggested meeting dates. There being no further business the meeting adjourned at 2:50 p.m.