

***COMPREHENSIVE SERVICES ACT
PROGRAM AUDIT***

CITY OF WINCHESTER

Audit Report No. 17-2013

March 20, 2013



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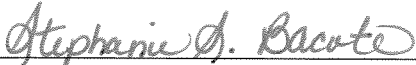
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EXECUTIVE SUMMARY

The Office of Comprehensive Services has completed an audit of the City of Winchester Comprehensive Services Act for At Risk Youth and Families program. Our audit concluded that there were material weaknesses in internal controls, particularly in reference to governance and accountability of the \$1.97 million of allocated (state and local) funding. 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:

- Fiscal practices and procedures adopted by the CPMT needs strengthening to increase the operational effectiveness, specifically relating to lines of authority and responsibility, execution of transactions, and monitoring.
- A formal plan had not been documented indicating the status of the accomplishment of goals, objectives, and strategies stated in the Long Range Plan for the City of Winchester Comprehensive Services Act (CSA), in order to fully measure the effectiveness of the local CSA program.
- Information security practices and procedures pertaining to CSA client records and data have not been consistently applied to ensure that sensitive and confidential information maintained is adequately secured from unauthorized access and/or alteration.

The Office of Comprehensive Services appreciates the cooperation and assistance provided on behalf of the City of Winchester Community Policy and Management Team (CPMT) and other CSA staff. Formal responses from the Winchester CPMT to the reported audit observations are included in the body of the full report.


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Program Auditor

INTRODUCTION

The Office Comprehensive Services has completed a financial/compliance audit of the City of Winchester's 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 March 18, 2013 and covered the period September 1, 2011 through August 31, 2012.

The objectives of the audit were to:

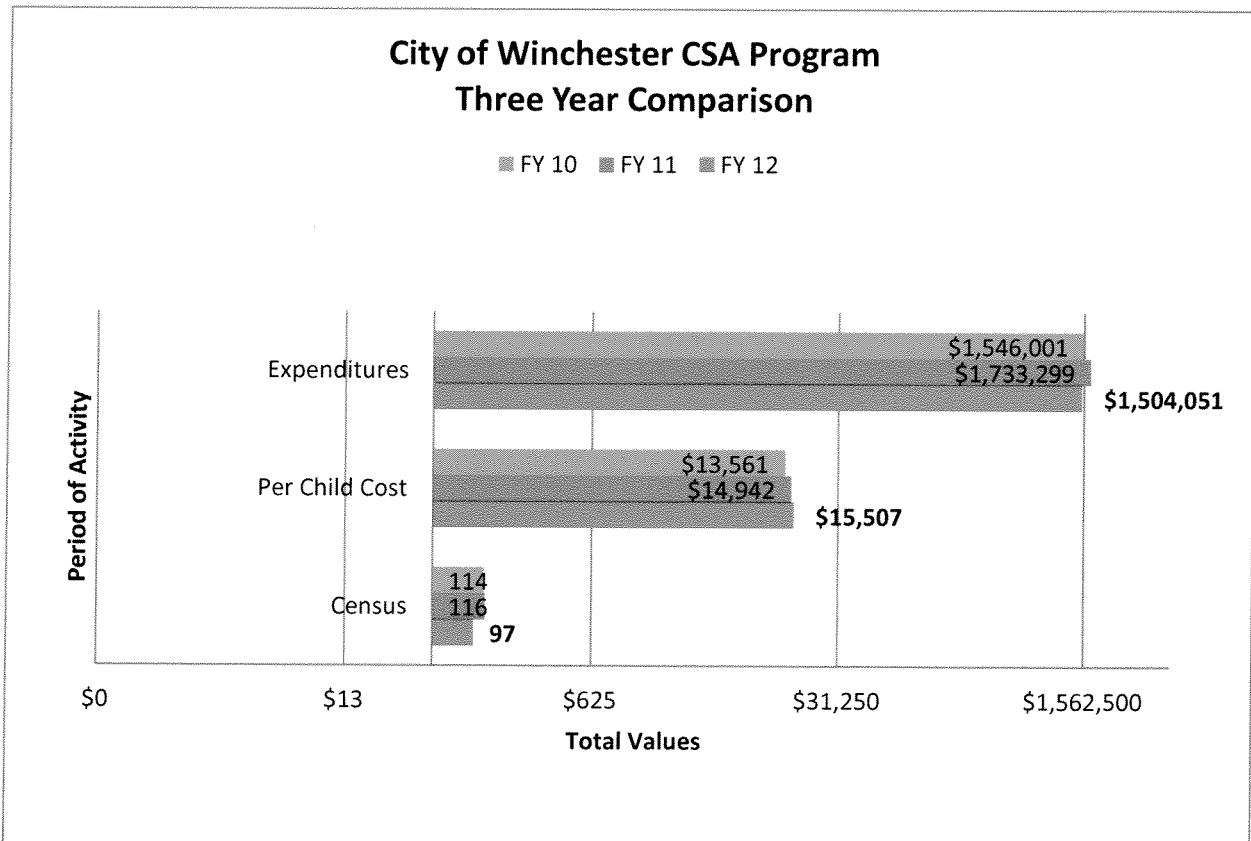
- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To assess whether operations 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 year 2012. 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

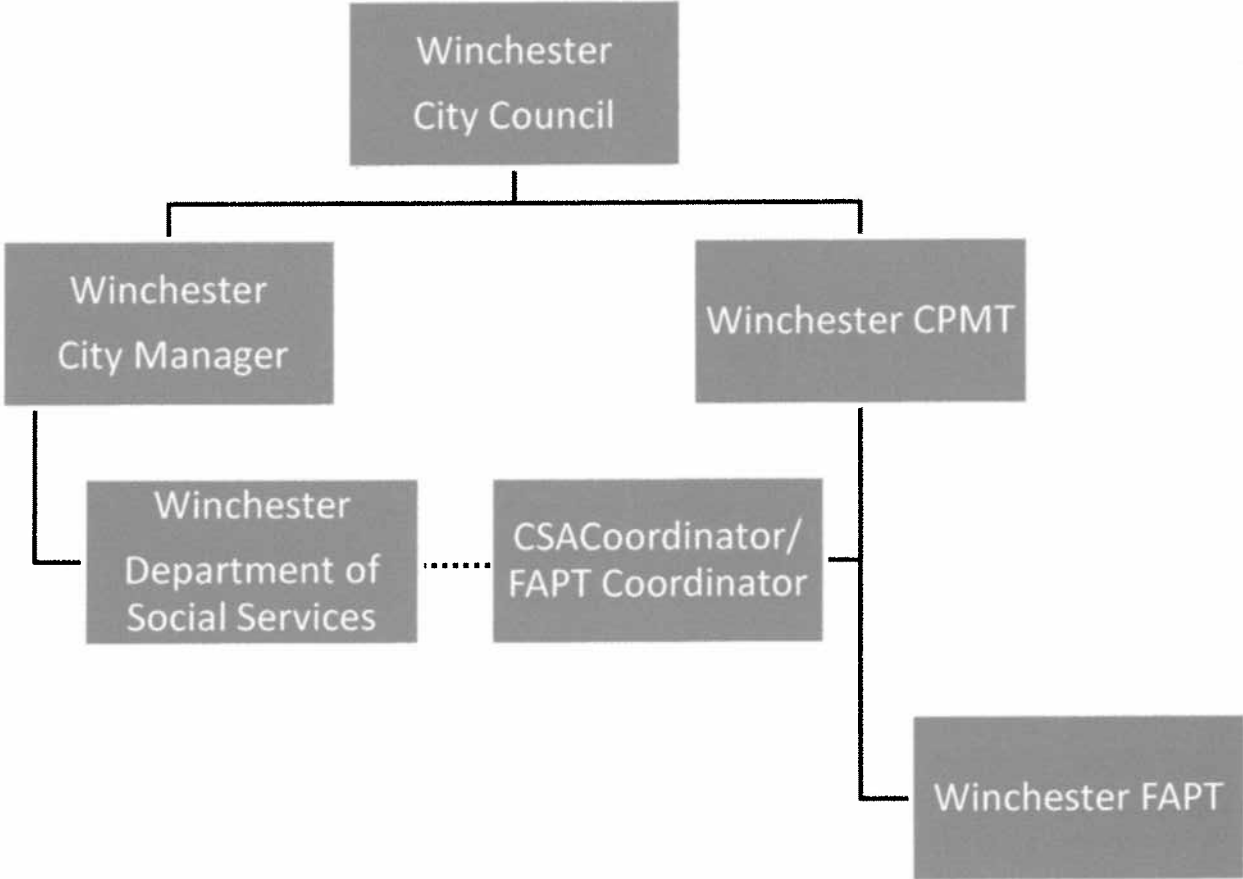
The Comprehensive Services Act for At-Risk Youth and Families (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. Of the approximate \$300 million appropriated by the Virginia General Assembly and local governments to fund CSA, the total combined state and local allocation for the City of Winchester was \$1.972 million for fiscal year 2012. Actual net expenditures for this period totaled \$1.504 million, a savings of approximately \$468,000. The funds were used to provide services to 97 youths in the Winchester community. Based on reported figures as of the closing of fiscal year 2012, the average per capita cost of CSA in the City of Winchester is \$57.

The City of Winchester CSA program has achieved significant reductions in expenditures and population in fiscal year 2012. While the population of clients increased 11% from 2009 to 2011, the number of clients served has declined 16% in the last year. Current statistics are indicative of client count levels last reported in 2007 and 2008 with significantly lower costs. The average total expenditures recorded for Winchester CSA in fiscal years 2007 - 2008 was \$2.7million, as opposed to \$1.5 million reported in fiscal year 2012 (i.e. 55% reduction). Though expenditures and the population have been reduced, the unit cost per child has increased 14% since 2010. The chart below depicts a comparison for fiscal years 2010 through 2012.



Source: CSA Website, Statewide Statistics, <http://www.csa.virginia.gov/publicstats/pool/locality/byyear.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 City of Winchester 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 CSA Coordinator. The local management structure for the City of Winchester is as follows:



OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation 1: Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with local and State CSA policies and procedures were not met. Fiscal records reviewed indicated instances of procedural non-compliance and internal control weaknesses in reviews, approvals/authorizations, and documentation. Examples of the non-compliance and internal control weaknesses identified included:

- Payment requests were processed for services under \$3500 per month without the authorization of funding by the CPMT and/or referral by FAPT. The formal written procedures, in effect since 2005 and updated periodically thereafter through September 2011, authorized this provision for foster care services under \$2500 per month. The exclusion circumvents CSA policy which allows an exception only for foster care maintenance and services delineated in an approved IEP. Not all services covered under the broad definition of foster care services are considered foster care maintenance, and therefore are required to be presented to FAPT for consideration. Based on the population of clients served by this program, a significant amount of funds could be expended without any oversight by the CPMT on how those funds are being used.
- Funds (\$448) were expended for services that were not eligible for CSA funding because they were the responsibility of another agency. These included: dinner (\$9) purchased for a client by case manager, DNA test (\$409), and fingerprinting/background checks (\$30).

Criteria:

COV § 2.2-5209

2011 Appropriations Act, Chapter 890, Item 274, § B.1.e.

CSA Manual Section 2.1.3, Duties of the SEC Toolkit, Policies Regarding Denial of Funding to Local Governments (CPMTs) not in Compliance with Provisions of the Comprehensive Services Act for At-Risk Youth and Families (CSA)

CSA Manual Section 3.1.5.b. Referrals to Family Assessment and Planning Teams

CSA Manual Section 3.2.6. Access to Pool Funds from Community Policy & Management Teams

CSA Manual Section 4.5.8, Fund Audit

Recommendation: The CPMT should request the recoupment of the state share of the \$448 in CSA pool funds payments reimbursed by CSA that were not eligible for CSA funding. The CPMT should ensure that current fiscal practices comply with statutory requirements regarding appropriate funding authorizations and allowable costs. A process should be established to periodically verify compliance.

Client Comments: Concur. "The state share of the \$448 in CSA pool funds has been reclassified. The CPMT will review its policies and procedures for funding and modify them as needed to accurately reflect appropriate funding authorizations and allowable costs. The CPMT has established a subcommittee to focus on addressing specific funding policy issues. Policy revisions will establish a periodic compliance verification process. Of note, the CPMT now reviews all cases FAPT/FTM/IDT monthly. Policy updates will guide future practice."

Observation 2: Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool funded services. Assessments of parental co-payments were not documented to evidence parental ability to share financial responsibility for costs associated with services provided to eligible youth, including non-educational services provided to youth meeting the special education mandate criteria. The last time parental co-pay collections were reported was during Fiscal Year 2005. Zero collections were reported in fiscal years 2006 through 2012. Under these conditions, the opportunity lost for collection of additional funds is significant and could materially impact the local program's ability to increase funding availability for services required to meet the needs of the community.

Criteria: COV § 2.2-5206 (3); COV § 2.2-5208 (6)
CSA Manual Section 3.1.5 Duties and Responsibilities
CSA Manual Section 4.5.4 Sliding Fee Scale

Recommendation: The CPMT should ensure that the CSA Coordinator documents parental ability to pay supported by verification of stated income or certification stating indigent status. The amount assessed should be reported to the CPMT along with the request for approval for funding of FAPT referred services. Collection and reporting procedures should be established to ensure amount received are recorded accurately and timely. Such documentation should be retained in the case file for the required records retention period.

Client Comments: Concur. “A CPMT subcommittee has been established to produce policies, procedures, and forms to implement a parental co-pay. Training for case managers will be provided. The CSA Coordinator will oversee the implementation of a parental co-pay.”

B) CPMT ADMINISTRATION

Observation 3: The CPMT has not documented a formal plan to substantiate coordination of long-range planning that includes an assessment of the current risks, strengths and needs of the existing system, as well as establishing and documenting measurable criteria for evaluating the effectiveness of the local CSA program. 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 ultimately impacts the CPMT efforts to better serve the needs of youth and families in the community and to maximize the use of state and community resources.

Criteria: CSA Manual 3.1.5 Duties and Responsibilities
Toolkit Coordinated Long Range Planning
DOA Agency Risk Management and Internal Control Standards, Control Environment

Recommendation: The CPMT should develop procedures for documenting long-range planning. The process should include development of a formal risk assessment process and measurable criteria to be used for evaluating program effectiveness.

Client Comments: Concur. “The CPMT will be participating in a strategic planning session by 9-1-13 funded by the Resource Management Development Initiative Fund (RMDI). This planning will include development of a formal risk assessment process and measurable criteria to evaluate program effectiveness.”

Observation 4: The policies and procedures established by the CPMT have been recently updated (09/17/2012). However, the newly enacted policies and procedures present renewed opportunities for potential weaknesses in existing internal controls established by CSA statute and/or the CSA Policy Manual. The following examples were noted:

- The revised procedure approved by the CPMT removed the requirement for the assessment of the parental co-pay, which impacts meeting the objectives of sound fiscal accountability and responsible use of taxpayer funds.
- The procedure also permits funding of services for \$5,000 per month without prior authorization by the CPMT, which affects segregation of duties inherent in the design of the organizational structure of CSA. The body referring the service is also authorizing the funding of services. There is no process for independent review as these items are not presented to CPMT at any time.

Criteria: CSA Manual 3.1.5 Duties and Responsibilities
DOA Agency Risk Management and Internal Control Standards, Control Activities

Recommendation: The CPMT should review and revise (where necessary) the policies and procedures to ensure consistent application and compliance with current state and local CSA practices and requirements.

Client Comments: Concur. “Subcommittees of the CPMT are actively working to bring the policies and procedures into compliance. It is anticipated that on-going policy updates will be managed on an on-going basis and completed by the CSA Coordinator at the direction of the CPMT. A separate subcommittee is focusing on the parental co-pay brochure and procedures.”

Observation 5: Conflict of interest forms were not completed annually for non-government employed members of the CPMT and FAPT. In addition, there was no verification that local government officials/employees appointed to FAPT and/or CPMT that are required to complete Statement of Economic Interests Forms were in compliance with statutory requirement. In an effort to resolve this oversight, Conflict of Interest forms were completed by non-government officials the day prior to the on-site portion of the audit. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are significantly reduced, because of the increased opportunity for a single individual to engage in the referral, approval, and/or case management of CSA funded services.

Criteria: CSA code section § 2.2-3100; § 2.2-3101; § 2.2-3117; § 2.2-5205; COV § 2.2-5207;
DOA Agency Risk Management and Internal Control Standards, Control Activities

Recommendation: The City of Winchester CPMT should ensure that that Statement of Economic Interest Form is completed annually by all non-public participating members of the CPMT and FAPT as required. Forms should be retained in accordance with records retention procedures. In addition, the CPMT should identify public officials required to complete such forms and implement a process to confirm and document compliance with the requirement.

Client Comments: Concur. "Conflict of interest forms have been collected from all identified members. Conflict of interest training has been completed through the OCS on-line process. Conflict of interest forms will be collected annually in January in accordance with the City of Winchester policy. Public officials who are required to complete such forms will be expected to provide documentation of such annually to the CSA Coordinator. The file shall be maintained by the CSA Coordinator. State employees are required to submit annual SOEI forms. These forms may be reviewed by contacting Patrick Mayfield (Patrick.Mayfield@governor.virginia.gov) at 804-692-0102. The CSA Coordinator can make contact annually to confirm that the forms are complete and on file. See <http://www.commonwealth.virginia.gov/stategovernment/conflict/conflict.cfm>"

Observation 6: Opportunities exist for the CPMT to improve communication of the local CSA program's philosophy, ethics, goals, objectives, and performance outcomes. There is little evidence to support how this information is disseminated to partnering agency representatives, youth, families and community stakeholders. Specific areas to be addressed include:

- Formal goals and objectives have not been documented by the Winchester CPMT, which leads to inconsistent messaging and/or communication regarding the direction of the program. The frequency of turnover in the local government and in and the CPMT Chair may have contributed to this environment. Approximately 30% of the CPMT members have only recently been appointed within the last 3 to 6 months. The one year term limit for the CPMT Chair is a self-imposed policy adopted by the CPMT.
- A formal process for orientating new members of CPMT and FAPT has not been established to ensure that new participants are familiar with the duties and responsibilities of each respective body, State requirements, and local policies and procedures governing CSA.

- While the City of Winchester has established a Code of Ethics, the CPMT has not formally incorporated or referenced compliance with those requirements within the local CSA policies and procedures.
- The CPMT has not been actively involved in the budget process related to CSA. Coordination of the CSA budget was handled by the WDSS, as CSA funds are embedded in that budget. Absence of input by the full CPMT impedes the intent of multi-disciplinary collaboration to ensure effective administration of the CSA. Specifically, it may give the impression that the WDSS has greater influence over CSA than the other partner organizations.

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 § 2.2-5200

CSA Manual Section 1, Items 4 through 6

CSA Manual Section 3.1.5.c, Toolkit Family Engagement Policy adopted by SEC

DOA Agency Risk Management and Internal Control Standards, Control Environment (Governance) and Control Activities (Monitoring)

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 philosophy, ethics, goals, performance, budgeting, etc. Actions to be considered that could be instituted immediately, if adopted, would include:

- Adopting the code of ethics established by the local governing body to be referenced in the CPMT By-laws and or policies and procedures.
- Creating a new member handbook and/or orientation session with evidence of acknowledgement of completion before voting rights can be exercised. These venues should incorporate the formally documented vision, goals, objectives and related performance outcomes of the local program to ensure all stakeholders are afforded consistent information.
- Include budget planning considerations as an agenda item for CPMT meetings scheduled during the locality budget planning season.

Client Comments: Concur. (1) “The CPMT has established subcommittees to address the items listed above. The Code of Ethics of the City of Winchester has been utilized for members unless they had completed one for their position. A copy of that Code of Ethics was provided to the CPMT. New members will complete the Code of Ethics as needed. The CSA Coordinator will monitor and maintain the completed Code of Ethics forms. Changes to the Winchester CPMT policy to reflect the Code of Ethics will be made.” (2) “A CPMT subcommittee established to address training needs is developing an orientation handbook for CPMT members. It will also be available electronically. The CSA Coordinator will maintain the handbook and update it as needed as directed by the CPMT.” (3) A budget planning item will be added to the CPMT agenda during the city’s budget preparation and adoption period.”

C) PROGRAM ACTIVITIES

Condition 7: Information security practices and procedures pertaining to CSA client records and data have not been consistently applied to ensure that sensitive and confidential information maintained is adequately secured from unauthorized access and/or alteration. Initially, eight (66%) of twelve case files reviewed did not contain consent for the release of information. Subsequently, the consent authorization forms were requested. However, three (25%) have not been provided for review at the time of this report, and 4 of the 5 received were either not current or for a family member rather than the youth receiving services. Failure to document that consent was properly obtained increases the likelihood of non-compliance with CSA statutory requirements and potential liability due to the unauthorized exposure of protected information.

Criteria: COV § 2.2-5210
CSA Manual Section 3.2.7, Exchange of Information
CSA Manual Section 3.2.8, Confidentiality
CSA Manual Section 3.5 Records Management

Recommendation: The CPMT should immediately develop and implement policies and procedure to adequately safeguard client information. At minimum, the requirements should reference that the CSA and/or FAPT Coordinator ensure that CSA client file contents contain a current release of information form prior to the start of the scheduled FAPT meeting.

Client Comments: Concur. “The CPMT will work with the CSA Coordinator utilizing the CSA checklist to ensure that a current release of information is provided to the CSA Coordinator prior to the start of the FAPT meeting. CPMT

policies and procedures will be reviewed and updated to reflect the need to adequately safeguard client information.”

Observation 8:

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Twelve case files were examined to confirm that required documentation was maintained and to validate that FAPT and /or multi-disciplinary team (MDT) process was administered appropriately. The results of the examination, identified opportunities for improvements as follows:

- Individual and Family Service Plans (IFSPs) are not always developed according to the Code of Virginia requirements and the locally adopted policy, which establish as documentation criteria: (1) identification of measurable short and long term goals and objectives, (2) time frames for achieving stated goals, (3) progress toward meeting goals and objectives, and (4) evidence of FAPT, case manager and parent collaboration.
- Case files did not always contain sufficient information to support services requested in the IFSPs. Examples include: (1) inconsistent documentation requirements for FAPT and Family Team Meetings (FTM), (2) progress notes were not always captured, (3) providers and applicable rates were not always clearly identified, and (4) services were not always tied to the stated service objective.

Criteria:

Code of Virginia Section 2.2-5209 (<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+2.2-5209>)
CSA Manual 3.2.5. FAPT Duties and Responsibilities
CSA Manual 8.1 and Toolkit “Utilization Management”

Recommendation:

The CPMT should ensure that all required elements of the IFSP are properly documented. The CPMT should consider adopting the same format used to record the FTM minutes/plans, which are more detailed and specific than existing IFSPs. Further, case files should be reviewed periodically to ensure that they adequately support and document FAPT and/or FTM planning activities.

Client Comments:

Concur. “The CPMT working with the CSA Coordinator has established a CSA checklist of documentation required. It is consistent for FAPT/IDT/and FTM’s. Training will be provided to case managers as needed but at least annually to address documentation needs, deficiencies, and procedures. The CSA Coordinator will provide this training and answer on-going technical assistance requests as needed.”

CONCLUSION

Our audit concluded that there were material weaknesses in internal controls over the City of Winchester's CSA program, particularly in reference to governance and accountability of the \$1.9 million of allocated (state and local) funding. Conditions were identified pertaining to the administrative 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 March 12, 2013 to present the audit results to the City of Winchester CPMT. Persons in attendance representing the City of Winchester CPMT:

- Susan Groom Director of Special Education, Winchester Public Schools (CPMT Chair)
- Mary Blowe, Finance Director, City of Winchester (CPMT Fiscal Agent)
- Charles Devine, Virginia Department of Health, Lord Fairfax District
- Julie Van Winkle, Virginia Department of Juvenile Justice, 26th District Court Service Unit
- Denise Acker, Northwestern Community Services Board
- Paul Scardino, National Counseling Group (Private Provider)
- Sarah Wingfield, Acting CSA Coordinator.

Representing the Office of Comprehensive Services was: Stephanie Bacote, Program Auditor and Ty Parr, Program Auditor.

We would like to thank the Winchester CPMT and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Ms. Susan Clare, Executive Director
Office of Comprehensive Services

Mr. Dale Iman, City Manager
City of Winchester

Ms. Susan Groom, CPMT Chair
Director of Special Education, Winchester Public Schools

Ms. Mary Blowe, CPMT Fiscal Agent
Finance Director, City of Winchester

Ms. Sarah Wingfield, Acting CSA Coordinator