

***CHILDREN'S SERVICES ACT
PROGRAM AUDIT***

Arlington County

Audit Report No. 04-2020

January 27, 2020



Office of Children's Services
Empowering communities to serve youth

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EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Arlington County Children's Services Act (CSA) program. The Arlington County CSA program provided services and/or funding to 184 eligible youth and families in fiscal year (FY) 2019. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2018, significant achievements for the Arlington County CSA program were:

- Ninety-six (96%) percent of youth are in a family-based placements, approximately 15% above the statewide average and exceeds the established state target by 10.5%.
- Seventy-seven (77%) percent of children that exited foster care were placed in a permanent living arrangement, equivalent to the statewide average.
- Fifty-five (55%) percent of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) Assessment School domain, approximately 10% above the statewide average. Decreases in CANS score are indicative of improved functioning.

There are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in compliance and internal controls particularly in reference to governance and fiscal practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources and compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where eligible for another funding source (Title IV-E). The total questioned cost equals \$1,841.00 of which \$993.77 represents the (state share).
- Written policies and procedures are not consistent with State statutes, established state CSA guidance, and/or best practices and do not reflect the current practices of the CSA operations, which could lead to inconsistent application and enforcement of internal controls governing the activities of the local CSA program.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the CPMT and other CSA staff. Formal responses from the CPMT to the reported audit observations are included in the body of the full report.



Stephanie S. Bacote, CIGA
Program Audit Manager



Annette E. Larkin, MBA
Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Arlington County Children's Services Act program. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal 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 January 27, 2020, 2020 and covered the period August 1, 2018 – July 31, 2019. The objectives of the audit were:

- 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 the local CSA program.
- To assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating the local CSA program's operational and utilization review practices.
- Assess implementation of quality improvement plans addressing prior audit observations reported by OCS on and/or identified in the prior self-assessment evaluation completed by the Arlington County. The audit report date was April 25, 2017.

The scope of the audit included youth and their families who received CSA funded services during the audit period. Audit procedures included reviews of relevant laws, policies, procedures, 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

Founded in 1801, Arlington County is located on the southwestern bank of the Potomac River directly across from the Nation’s Capital, Washington DC. Arlington County borders the cities of Alexandria and Falls Church and the county of Fairfax. Arlington County is home to the Pentagon and Arlington National Cemetery. According to the US Census Bureau Quick Facts, the estimated population in 2018 was 237,521 and the median household income from 2013-2017 was \$112,138.

The Children’s Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for eligible youth and their families. The state funds, combined with local community funds, are managed by a local interagency team, referred to as the Community Policy and Management Team (CPMT) that plans and oversees services to youth. The Arlington County CPMT is supported by nine (9) Family Assessment and Planning Teams (FAPT) responsible for recommending appropriate services to eligible children and families, and a CSA Coordinator. Expenditure demographics for fiscal years 2017 to 2019 are depicted below.

At-A-Glance

<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
213	164	184
Distinct Child Count	Distinct Child Count	Distinct Child Count
6.8M	6.3M	3.7M
Gross Expenditures	Gross Expenditures	Gross Expenditures
6.6M	6.1M	3.6M
Net Expenditures	Net Expenditures	Net Expenditures
\$31,024	\$37,247	\$19,649
Average Expenditure	Average Expenditure	Average Expenditure
0.4602	0.4602	0.4602
Base Match Rate	Base Match Rates	Base Match Rates
0.4581	0.4519	0.4376
Effective Match Rate	Effective Match Rate	Effective Match Rate

Note: The decrease in expenditures from FY 18 to FY 19 is attributed to special education private day expenditures that were not reimbursed through the state pool funds but paid from local only funds.

Source: CSA Continuous Quality Improvement (CQI) Dashboard

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation #1:

Criteria:

Compliance and Internal Control

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State and local CSA policies and procedures were not met. CSA pool funds were used in lieu of Title IV-E funds for July 2019 foster care maintenance expenses for a Title IV-E eligible youth. Code of Virginia (COV) § 2.2-5211 states “the community services board, the local school division, local social services agency, court service unit or Department of Juvenile Justice shall continue to be responsible for providing services identified in individual family service plans that are within the agency's scope of responsibility and that are funded separately from the state pool.” The foster care maintenance costs paid by CSA on behalf of the client during the review period equaled \$1,841.00, of which \$993.77 represents the state share. Arlington County prepared an adjusting entry on December 16, 2019 to reimburse CSA pool funds.

Recommendations:

Arlington County CPMT should ensure quality assurance and accountability procedures for program utilization and funds management, which includes verification that appropriate funding sources are utilized and errors are resolved timely. CSA Policy 4.5.2 Pool Fund Reimbursement requires applicable refunds to be reported using the Local Expenditure and Data Reimbursement System (LEDRS).

Client Comment:

“Arlington County identified and corrected the error with internal control mechanisms.”

B) CPMT GOVERNANCE

Observation #2:

Criteria:

Internal Control - Repeat Observation

Written policies and procedures are not consistent with established CSA statutes, policies, guidance, and/or best practices. Further, some local policies and procedures do not reflect the current, actual practices of the local CSA operation. A review of *Arlington County Local Policies for Administration of the Children's Services Act* adopted September 2019 (CSA Manual) and *Arlington County Department of Human Services Child and Family Services Division Purchase of Service Manual* (Purchase of Service Manual) adopted 2018 noted the following opportunities for improvement:

1. The local policy manual that was newly adopted September 2019 includes language that refers to FAPT approving expenditures on behalf of CPMT. The purchase of service manual for Human Services contains similar language. This internal control weakness was identified in the prior audit report dated April 25, 2017. While this verbiage is stated in the local policy, it is not the actual practice the of program. CPMT had rescinded this delegation of authority. Procedures have been implemented to ensure a designated representative of the CPMT authorizes the funding prior to the execution of services. However, the policy manuals had not been updated to reflect those changes.
2. Although not practiced, the current local policy manual establishes provisions for funding the completion of residential treatment services for a youth meeting the Child in Need of Services (CHINS) criteria past their 18th birthday. There is no statutory authority or legal mechanism to serve those young adults. Arlington County corrected this matter in May 2017; however, the language was reintroduced in their current policies and procedures manual adopted September 2019.
3. The CSA policy manual adopted by the CPMT in September 2019 Section 7.3 Child in Need of Services allows the local Director of Social Services to sign CSA parental agreements. Per Virginia Department of Social Services (VDSS) foster care policy 3.7.5 “When the LDSS serves as the case manager, the child shall be considered in foster care and a Non-Custodial Foster Care Agreement is used.”

Arlington County CSA updated its policy and procedures manual upon notification of these observations, which is awaiting the CPMT’s full approval.

Recommendations:

The CPMT should periodically review and revise all policies and procedures manuals ensuring they align with the COV, CSA policy manual and all other relevant partnering agency manuals. In addition, policy and procedures should reflect the actual practices of the program.

Client Comment:

“Significant effort was implemented to address previous citations and assist in policy matching practice. This is evidenced by verbal report related to previous policy.”

CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Arlington County CSA program, particularly in reference to governance and fiscal practices. Conditions were identified that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on January 27, 2020, to present the audit results to the Arlington County CPMT. Persons in attendance representing the Arlington CPMT were as follows:

Tabitha Kelly, CPMT Co-Chair and Division Chief (DSS)
Lissa Friedman, Bureau Chief Child Welfare DSS
Earl Conklin, Director CSU
Rick Stroback, Deputy Director, CSU
Wendy Carria, Supervisor, School Psychology and Social Work
Heather Rothenbuescher, Supervisor, Special Education
Linda Erksine Administrative Officer for Child and Family Services
Alteasha Ervin, Private Provider Representative
Jessica Brown, CSA Coordinator
Shari Lyons, System of Care Manger
Jennifer Van Ee, Compliance Analyst
Danielle Scanlon, CSA UR Specialist (guest)
Jennifer Hykin, CSA UR Specialist (guest)

Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Arlington County CPMT and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Mark Schwartz, County Manager

Deborah Warren CPMT Chair, Deputy Director DHS/CSB Executive Director

Tabitha Kelly, CPMT Co-Chair and Division Chief (DSS)

Glenda Pittman, CPMT Fiscal Agent

Jessica Brown, CSA Coordinator