

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

***Floyd County
Self-Assessment Validation***

Final Audit Report No. 37-2020

February 19, 2021



Office of Children's Services
Empowering communities to serve youth

Report Disclaimer

Due to the COVID-19 pandemic, onsite visits to validate management's conclusions have been suspended until further notice. In lieu of onsite visits, self-assessment validation activities were conducted remotely. Audit procedures were divided into two phases (Governance and Client Record Reviews). An interim report addressing governance activities was issued on September 15, 2020. The interim report did not include the results of an evaluation of compliance and internal controls pertaining to child/family referrals for service planning and funding as determined through client record reviews. Client record reviews were completed on January 28, 2021. This final report represents full and completed evaluation of both phases of the self-assessment validation.



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

OFFICE OF CHILDREN'S SERVICES
Administering the Children's Services Act

February 19, 2021

Chad Alls, CPMT Chair
Floyd County Department of Social Services
120 W. Oxford Street
Floyd, VA 24091

RE: Floyd County CSA Program Self-Assessment Validation
Final Report, File No. 37-2020

Dear Mr. Alls,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Year 2020, the Floyd Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local Children's Service Act (CSA) Program. Based on the review and examination of the self-assessment workbook and supporting documentation provided by the Floyd County CSA program completed March 3, 2020 and covering the period February 1, 2019 through January 31, 2020, our independent validation of CPMT governance activities:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Floyd County CPMT that no significant observations of non-compliance or internal control weaknesses were found in the design or operation of the processes or services conducted on behalf of the Floyd County CSA Program. The explanations for our assessment results are as follows:

The Floyd County CPMT concluded that there were only non-significant compliance and/or internal control weakness observations noted. A summary of non-compliance and/or internal control weaknesses reported by the CPMT are included as Attachment A to this report. However, validation procedures identified major deficiencies¹ indicating non-compliance in the local CSA program as well internal control weaknesses not identified by the CPMT. Non-compliance with the statutory requirements of CSA is considered significant because the local program is not operating fully in accordance with the laws of the Commonwealth. An adequate system of internal controls is contingent upon consistent and proper application of established policies and procedures affecting CSA funded activities, as well as monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure are considered significant. Specifics are detailed on pages 2-4.

¹ Major deficiency is defined as an internal control deficiency or combination of deficiencies that severely reduces the likelihood that the entity can achieve its' objectives." Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, May 2013.

SIGNIFICANT NON-COMPLIANCE OBSERVATION

Code of Virginia (COV) §2.2-5206 directs the CPMT to “establish quality assurance and accountability procedures for program utilization and funds management.” However, 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. The exceptions below were identified based on findings included in a recent Title IV-E compliance review conducted by the Virginia Department of Social Services and related corrective action adjustments shifting expenditures to CSA noted in CSA refund reports that were completed by Floyd County Department of Social Services

1. CSA pool funds were used in lieu of Title IV-E funds for foster care maintenance expenses for Title IV-E eligible youth (Client B). 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 total questioned cost equals \$1,036.20 of which \$795.39 represents the state share. See Error Type 1 in Table A below.

2. According to Virginia Administrative Code (VAC) 22VAC40-201-40 Foster Care Placement, “the local department shall ensure a child in foster care is placed in an approved home or licensed facility that complies with all applicable federal and state requirements for safety. CSA funds were expended for foster care maintenance while the child (Client B) was in the hospital and not in an approved/licensed foster care home. Foster Care Maintenance was paid to the foster family for June 2019 (pro-rated) and July 2019 (prior to actual physical placement) in the amount of \$1,681.89 of which \$1,314.51 represents the state share. The foster care maintenance expenditures were ineligible for Title IV-E funding and CSA reimbursement during the period of hospitalization. See Error Type 2 in Table A below.

Table A

Client	Error Type	Period of Services	Total Expenditures	State Share
B	1	Jul. 13–31, 2019 (Basic & Enhanced Maintenance)	\$1,036.20	\$795.39
B	2	Jun 13- 30, 2019 (Basic & Enhanced Maintenance)	\$910.00	\$698.52
B	2	June 2019 Clothing	\$202.09	\$178.61
B	2	Jul 1- 12, 2019 (Basic & Enhanced Maintenance)	\$569.80	\$437.38
Total Questioned Cost			\$2,718.09	\$2,109.90

Error Descriptions:

- 1- IV-E eligible expense
- 2- Ineligible CSA/Title IV-E expense identified in Title IV-E Compliance Report

These exceptions were included in the interim audit report issued September 16, 2020.

RECOMMENDATIONS

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding i.e., meeting all federal and state requirements. Adequate documentation, such as but not limited to, verifications of Title IV-E eligibility determination and should be maintained as justification for CPMT funding decisions.
2. Quality assurance procedures practiced by the CPMT should include review of Title IV-E Compliance Reports to ensure disallowed expenditures are not shifted improperly to CSA.
3. The CPMT has submitted a quality improvement plan, prior to the release of the report. Upon review and recommendations presented by OCS Finance staff, the CPMT will be notified of the final determination made by the Executive Director based on SEC Policy 4.7, Response to Audit Findings of whether the identified actions are acceptable or any additional actions that may be required.

CLIENT COMMENTS

CPMT response noted in the interim audit report issued September 17, 2020. See Attachment B for excerpt from the report.

SIGNIFICANT INTERNAL CONTROL WEAKNESSES

Internal controls established by the Floyd County CPMT to evaluate and ensure the effective and efficient use of CSA funds are not working as intended. Opportunities for improvement were noted based on instances of a breakdown in payment processing approval, review, and oversight controls as follows:

1. Title IV-E reviewers disallowed maintenance expenditures for Client B as indicated in the previous audit observation. Floyd County sought to reallocate the disallowed expenditures to CSA by recording an adjusting entry. However, two (2) adjusting entries were processed (11/22/2019 for \$569.83 and 12/31/2019 for \$771.89). The duplicate adjustments resulted in questioned cost/CSA overpayment of \$1,341.72. Due to this duplication in adjustments, the IV-E refund category included in CSA financial reports depicted a negative balance. See Table B and Exhibit 1 below

Table B

Client	Service Month	Adjustment Date	Questioned Cost	Description
B	July 2019	11/22/19	\$569.83	basic and enhanced maintenance
B	June 2019- July 2019	12/31/19	\$771.89	June Clothing and July basic and enhanced maintenance
Total Questioned Cost			\$1,341.72	

Exhibit 1

Date Report Created: August 5, 2020						
Report Fiscal Year: 2020						
Locality: Floyd (063)						
FIPS	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA Benefits	Support through DCSE	Reclaimed under IV-E
63	Floyd	\$16,038....	\$19,765....	\$13,556....	\$737.10	-\$1,341.72

SIGNIFICANT INTERNAL CONTROL WEAKNESSES CONTINUED

2. State Executive Council (SEC) Policy 4.5.2 (f) Pool Fund Reimbursement instructs localities to submit pool funds expenditures for reimbursement that have not been reported on a previous claim. In reviewing the payment histories of Client B, it was noted that the local agency processed payments for foster care maintenance to providers using both CSA and Title IV-E funds. The double payments occurred because the CSA report preparer processed:
- a. an invoice received from the CSA Coordinator, and
 - b. a case action from the Benefits Supervisor after Title IV-E eligibility had been established.

Instead of recording an adjusting entry to refund CSA for title IV-E eligible expenses, the case action was processed as an expense against Title IV-E funds and generated another check to the provider. The total overpayments to the providers that were reimbursed by CSA equaled \$1,808.09 (See Table C). These overpayments were included in CSA funded payments denoted in the significant compliance observations included on page 2

Table C

Client	Service Month	Payment Date		Amount
		CSA	IV-E	
B	June 2019 (Clothing)	8/26/19	9/30/19	\$202.09
B	July 2019	8/5/19	9/30/19	\$1,606.00
Total Overpayments to Providers (included in Table A questioned cost totals)				\$1,808.09

These exceptions were included in the interim audit report issued September 16, 2020.

RECOMMENDATIONS

1. The CPMT should establish a quality assurance procedure to ensure that maintenance expenditures originally paid by CSA are reimbursed timely upon the receipt of Title IV-E eligibility determination. A record of maintenance expenditures paid from CSA and IV-E funds should be maintained and reviewed each month and compared to a transaction report available in Thomas Brothers (case management/financial system) to correct any errors prior to upload of the pool fund reimbursement report to the Local Expenditure Data Reporting System (LEDRS).
2. The CPMT’s fiscal agent should review monthly, but no less than quarterly, general ledger reports to ensure reported refund categories are not improperly understated and/or overstated.
3. The CPMT has submitted a quality improvement plan prior to the release of this report. Upon review and recommendations presented by OCS Finance staff, the CPMT will be notified of the final determination made by the Executive Director based on SEC policy 4.7 Response to Audit Findings of whether the identified actions are acceptable or any additional actions that may be required.

CLIENT COMMENTS

CPMT response noted in the interim audit report issued September 17, 2020. See Attachment B for excerpt from the report.

Floyd County Community Policy and Management Team has submitted a complete and satisfactory quality improvement plan addressing all observations which included tasks, responsible parties, and target completion dates. OCS Program Auditors conducted a follow-up of the quality improvement plan and determined that tasks identified have been implemented.

We would like to thank the Floyd County Community Policy and Management Team and CSA staff and partners for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the excellent assistance and cooperation that was provided by Stephanie Pfeil, CSA Coordinator during our review. Ms. Pfeil's efforts enabled the audit staff to resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,



Annette E. Larkin, MBA
Program Auditor



Stephanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
Cynthia Ryan, Floyd County Interim Administrator
and CPMT Fiscal Agent
Stephanie Pfeil, CSA Coordinator

Attachments



CSA Self-Assessment Validation
Floyd County CSA Program Audit- SAV

Summary of Self-Reported Non-Compliance and/or (Non-significant) Internal Control Weakness

Observations	Criteria	Prior Audit Repeat Observation	Quality Improvement Plan Submitted	Quality Improvement Plan Action Date
1. Each locality receiving funds for activities under the Children's Services Act shall have a locally determined utilization management plan following the guidelines or use of a process approved by the Council for utilization management, covering all CSA funded services. Floyd County will add addendum to CSA Policy Manual	COV § 2.2-2648 D15	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3/31/2020
2. Each CPMT shall ensure collection of child specific documentation to demonstrate compliance with the CSA. Such documentation shall include, at minimum, the following: Parent/Guardian participation and consent to service plan.	SEC Policy Manual and CSA User Guide Policy Manual, Section 3.5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1/31/2020
3. Paper CANS score sheets may only be used if the individual administering the CANS is a. Appropriately certified, and b. The information from the score sheet is entered into CANVaS within 60 days by the assessor or an authorized data entry person.	SEC Policy Manual and CSA User Guide Policy Manual, Section 3.6	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1/31/2020
4. Every public body shall give notice of date, time, and location of the CPMT meeting by posting on official government website. The notice shall be posted at least three business days prior to the meeting.	COV § 2.2-3707	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2/28/2020
5. Filing SOEI forms for non-government representatives serving on CPMT and/or FAPT with the clerk of the local governing body	OCS Administrative Memo #18-02	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	1/9/2020
6. Develop a risk and fraud management policy.	ARMICS ²	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11/20/19
7. Solicit and document feedback from local CSA program partners and stakeholders regarding the effectiveness of the program.	ARMICS ^{3,4}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12/31/2020



CSA Self-Assessment Validation
Floyd County CSA Program Audit- SAV
Summary of Self-Reported Non-Compliance and/or (Non-significant) Internal Control Weakness

The list below includes self-reported internal control enhancements				
Observations	Criteria	Prior Audit Repeat Observation	Quality Improvement Plan Submitted	Quality Improvement Plan Action Date
1. Add a separation of duties so that the CSA Coordinator does not serve as the CPMT Fiscal Agent (Note: previously the CSA Coordinator was the fiscal agent but was not the report preparer).	ARMICS ¹	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2/14/2020
2. Provide additional separation of duties for CSA cases that are case managed by the CSA Coordinator.	ARMICS ¹	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1/31/2020
3. To incorporate S.M.A.R.T. goals and objectives within Floyd County CSA program's strategic plan	ARMICS ^{2,3}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2/19/2020
4. Establish a process/frequency for review of all policies and procedures.	ARMICS ²	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2/19/2020

ARMICS (Department of Accounts, Agency Risk Management and Internal Control Standards):

- ¹Control Activities: Segregation of Duties
- ²Control Environment: Governance, Policies and Procedures
- ³Monitoring: Program Evaluation
- ⁴Communication



Floyd County Department of Social Services

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Floyd, Virginia 24450

Telephone: (540) 745-9316 Facsimile: (540) 745-9325

J. Chad Alls, Director

September 15, 2020

Office of Children's Services

Floyd County CSA Self-Assessment Workbook Audit, Audit/File #37-2020

To Whom It May Concern,

The Floyd County CPMT met on August 26, 2020 and each member was provided with a copy of the rough draft of the Self-Assessment Validation for Floyd County as provided to CSA Coordinator and CPMT Chair. The CSA Coordinator reviewed the observances, corrective action plans and steps to strengthen the CSA Program within Floyd County. Below are the CPMT comments for each observation reported:

Observation #1, Significant Non-Compliance: "CSA pool funds were used in lieu of Title IV-E funds for foster care maintenance expenses for Title IV-E eligible youth..."

CPMT Comment: Members concur with audit point and agrees with corrective action plan that has been set forth in the Quality Improvement Plan. This corrective action plan includes CSA Coordinator, CPMT Chair/DSS Director, Office Administrator and IV-E Supervisor meeting to create a system/form to ensure that CSA and IV-E workers correspond and document when a child first comes into foster care, what is paid and with what funding stream until IV-E is determined. This has been completed as the meeting was held on 8/24/20; a form was created to improve communication on 8/25/20; and the form is currently being used for new foster care case. Office Administrator has sent out letters to recoup the overpayments. CPMT will monitor the recoument of these repayments.

Observation #2, Significant Non-Compliance: According to Virginia Administrative Code (VAC) 22VAC40-201-40 Foster Care Placement, "the local department shall ensure a child in foster care is placed in an approved home or licensed facility that complies with all applicable federal and state requirements for safety..."

CPMT Comment: Members agree with corrective action plan that has been set forth in the Quality Improvement Plan. This corrective action plan includes CSA Coordinator discussing the regulations of CSA not being able to pay what IV-E denies, or other funding streams deny. This

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discussion has been held with CSA Coordinator and Auditor. CPMT would request that the Office of Children's Services review the appeal that is included in the Corrective Action Plan for this particular case and the extenuating circumstances. CSA Coordinator has also met with the Auditor, by phone, on 8/11/20, regarding the coding expenses and CSA Coordinator was provided a cheat sheet/explanation of the different codes available.

Observation #1, Significant Internal Control Weakness: "Title IV-E reviewers disallowed maintenance expenditures for Client B as indicated in the previous audit observation. Floyd County sought to reallocate the disallowed expenditures to CSA by recording an adjustment entry..."

CPMT Comment: Members concur with audit point and that it is a worker error. Members agree with corrective action plan set forth that includes Office Administrator review of the previous month's adjustment report to help ensure no duplications are made moving forward.

Observation #2, Significant Internal Control Weakness: "State Executive Council Policy 4.5.2 (f) Pool Fund Reimbursement instructs localities to submit pool funds expenditures for reimbursement that have not been reported on a previous claim..."

CPMT Comment: Members concur with audit point and agrees with corrective action plan that has been set forth in the Quality Improvement Plan. This corrective action plan includes CSA Coordinator, CPMT Chair/DSS Director, Office Administrator and IV-E Supervisor meeting to create a system/form to ensure that CSA and IV-E workers correspond and document when a child first comes into foster care, what is paid and with what funding stream until IV-E is determined. This has been completed as the meeting was held on 8/24/20; a form was created to improve communication on 8/25/20; and the form is currently being used for new foster care case. Office Administrator has sent out letters to recoup the overpayments. CPMT will monitor the recoupment of these repayments.

If there are any further questions or concerns, please feel free to contact myself, CSA Coordinator, at 540-745-9316 or by email at Stephanie.pfeil@dss.virginia.gov. In addition, the CPMT Chair, Chad Alls, is available at 540-745-9316 or by email at chad.alls@dss.virginia.gov.

Thank you,


Stephanie Pfeil
CSA Coordinator


Chad Alls
CPMT Chair/DSS Director