

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

***Lunenburg County***

***Audit Report No. 05-2015***

**February 27, 2018**



**Office of Children's Services**  
Empowering communities to serve youth

# TABLE OF CONTENTS

## *Executive Summary*

*Introduction* ..... 1

*Background* ..... 2

## *Observations and Recommendations*

- A) Fiscal Activities* ..... 3-6
- B) Program Activities* ..... 6-7
- C) Data Integrity* ..... 8-10
- D) CPMT Governance* ..... 10-14  
*(Community Policy and Management Team)*

*Conclusion* ..... 15

*Report Distribution* ..... 16

## EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Lunenburg County Children's Services Act (CSA) program. The Lunenburg County CSA program provided services and/or funding to 134 at-risk youth and families in fiscal year 2015 (FY15), 92 at-risk youth and families in (FY16) and 87 at-risk youth and families in (FY17). The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of fiscal year 2016, significant achievements for the Lunenburg County CSA program included:

- Approximately 85% of the youth and families received community based services. This is approximately 35% above the state and locally established targets.
- One hundred percent of children in Lunenburg County that exited foster care were placed into a permanent living arrangement. Lunenburg County exceeded the statewide target by 14%.

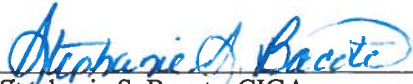
However, there are additional opportunities to effect quality improvement in other areas of the CSA program. Due to concerns pertaining to data integrity, the audit scope and sample selection pertaining to client case file reviews was expanded from 7 cases to instead include 110 cases covering the period FY 15 – FY 17 in order to ensure that clients whose services were funded by the state pool were eligible to access CSA funding. The audit concluded that there were major deficiencies<sup>1</sup> in compliance and internal controls particularly in reference to operational and governance practices, data integrity and fiscal activities. Conditions were identified that could adversely impact the effectiveness and efficient use of resources, as well as compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State CSA policies and procedures were not met. Due to the lack of documentation such as individual family service plans (IFSP), valid and/or founded child protective services (CPS) complaints, or child in need of services (CHINS) petitions to validate youth met CSA funding eligibility requirements, 42 clients were found to be ineligible to access CSA pool funds. Total state share of questioned cost is \$421,023.
- Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Seven (7) case files initially selected for review were examined to confirm that required documentation was maintained in support of and to validate FAPT and/or multi-disciplinary team (MDT) referral and CPMT funding decisions. Omissions from client case files included child/family strengths, measurable goals and objectives, parental co-pay assessments, parental participation or consent to service plan, discharge planning, consent to exchange information, and provider progress reports. At least two omissions were noted in each of the seven cases reviewed.
- Adequate measures have not been established and/or implemented by the Lunenburg CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA program. The CPMT has not documented a formal plan to substantiate coordination of long-range planning nor has a formal process documenting utilization management/utilization review (UM/UR) activity been implemented by the CPMT.

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<sup>1</sup> 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.

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 Lunenburg 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 February 27, 2018 and covered the period July 1, 2014 through June 30, 2017.

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.

The initial scope of the audit included youth and their families who received CSA funded services during the last three (3) months of FY15 and the first nine (9) months of FY16. However, due to data integrity irregularities the scope was expanded to include clients served in FY15 through FY17 that was limited to validation of client eligibility to access CSA pool funds. 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

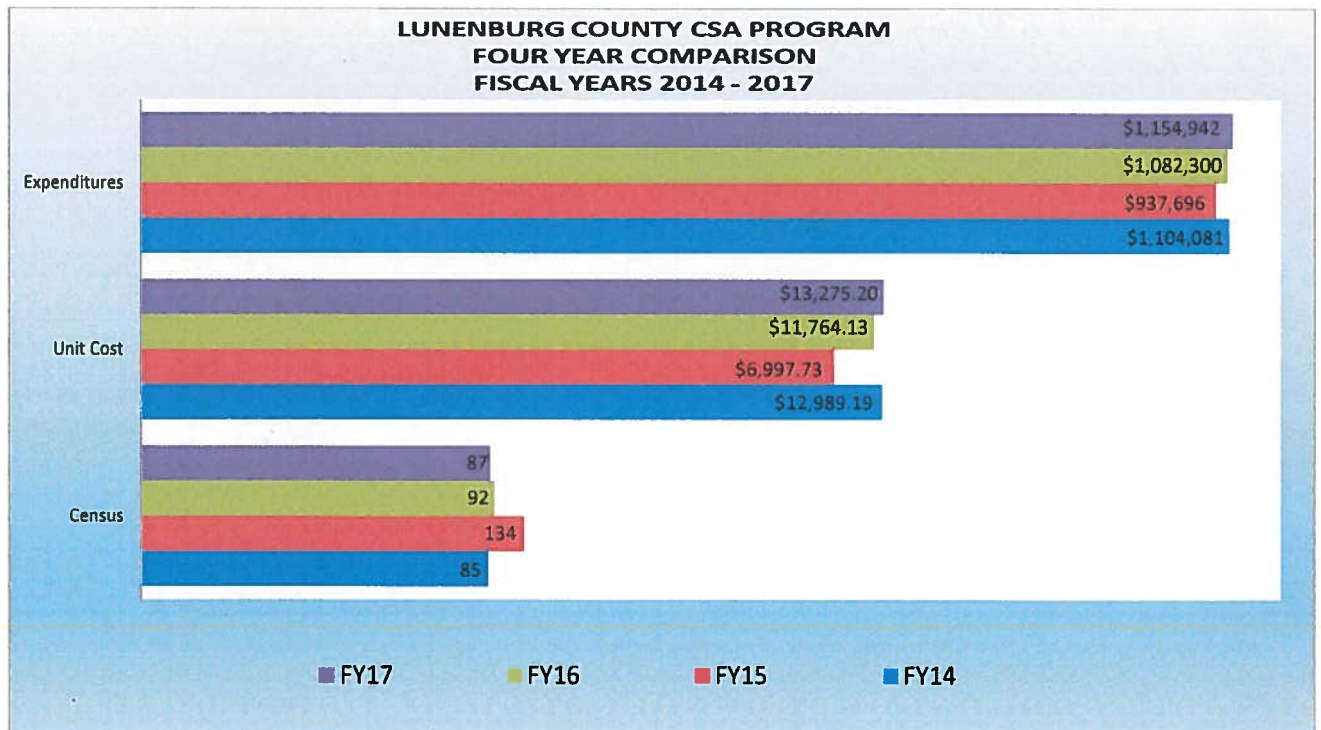
Located in south central Virginia, Lunenburg County was established on May 1, 1746 from Brunswick County. According to the US Census Bureau, State and County Quick Facts report, the estimated population in 2016 was 12,273 and the median household income from 2012-2016 was \$39,911. Lunenburg County encompasses 432 square miles and borders the counties of Prince Edward (to the north), Charlotte (to the west), Mecklenburg (to the south) and Brunswick (to the east).

The Children’s Services Act (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. 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 CPMT is supported by a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to at-risk children and families and a CSA Coordinator. Expenditure demographics for fiscal 2014 to 2017 are depicted below.

**CSA Pool & Census Data by FY for Lunenburg County  
(2014-2017)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
14	85	(14)	(14%)	\$ 1,104,081	\$ (240,158)	(18%)	\$ 12,989	(4%)
15	134	49	58%	\$ 937,696	\$ (166,385)	(15%)	\$ 6,998	(46%)
16	92	(42)	(31%)	\$ 1,082,300	\$ 144,604	15%	\$ 11,764	68%
17	87	(5)	(5%)	\$ 1,154,942	\$ 72,642	7%	\$ 13,275	13%

Note: Changes recorded for FY 14 are based on difference from fiscal year 2013 to 2014



**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. One hundred ten (110) client records were reviewed to determine whether the clients met the eligibility requirements to access CSA funding. Lunenburg CSA representatives established that clients were eligible based upon the funding eligibility criteria and applying the criteria for population types for which services are mandated<sup>2</sup> as specified in the Code of Virginia § 2.2-5211 and the State Executive Council (SEC) policy 4.1 (Foster Care Prevention (FCP), Special Education (SPED) services, Wrap-Around Services for Students with Disabilities (SPED-WRAP) and Non-mandated (NM)). Upon detailed audit inspection of client case records, 42 of the 110 files (38%) did not contain sufficient documentation such as service plans, individualized education programs (IEP), court orders etc., to validate eligibility to access state pool funding. The table below details the total questioned cost by eligible population type.

Population Type	# of Clients	Total Questioned Cost (state and local share)	Total Questioned Cost (state share)
FCP	12	\$199,410	\$182,480
SPED	3	\$5,250	\$4,804
SPED-WRAP	14	\$183,743	\$163,908
NM	13	\$76,310	\$69,831
<b>Total Questioned Cost</b>		<b>\$464,713</b>	<b>\$421,023</b>

**Criteria:**

Code of Virginia (COV) § 2.2-5211; State Executive Council (SEC) Policy 4.1

**Recommendations:**

- Lunenburg CPMT and FAPT should ensure and document eligibility determinations to access CSA funded services, along with documentation supporting the basis for their conclusions prior to accessing CSA pool funds.
- Lunenburg CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observations regarding questioned costs. Upon review and recommendations presented by OCS Finance staff, the CPMT will be notified of the final determination made by the Executive Director of whether the identified actions are acceptable or any additional actions that may be required.

<sup>2</sup> Mandated refers to the requirement to provide funding sufficient to meet federal mandates for specific groups of children, regardless of the amount.

**Client Comment:**

- “Lunenburg FAPT and CPMT reviewed eligibility procedures and documentation, revised and introduced new checklists and forms, including, but not limited to: Lunenburg County CSA Policy Manual, IFSP, Family Engagement Policy, ICC Policy, Parental Co-pay Policy/Forms, Consent to Exchange Information Form, and new By-Laws. Both CPMT and FAPT are aware that the specific information in an IFSP must be fully supported by the information in the online CANS. Foster Care Prevention cases must be accompanied by a formal FC Prevention Plan from DSS, OASIS must be completed and in file, SPED cases must be accompanied by the IEP, and the recorded notes/minutes of a Family Partnership/Engagement Meeting can also be an acceptable accompaniment to an IFSP for supporting documentation.
- Lunenburg's corrective action for improving the observations listed in Observation #1 are hereby addressed by implementing and following the policies and procedures of the revised and adopted Lunenburg County Children's Services Act Policies and Procedures Manual. The manual is attached to this submittal for your review.”

**Observation #2:**

**Criteria:**

**Compliance and Internal Control**

Expenditures were misclassified and recorded incorrectly in the pool fund reimbursement requests for four (4) of the seven (7) initial client files reviewed. Client records reviewed documented the mandate type as SPED-Wrap and the clients were determined eligible to access SPED-Wrap funding; however, all expenditures were recorded in the community-based services expenditure category. The local incentive match rate for community-based services (CBS) is half the match rate for SPED-Wrap funding, which results in the State paying a higher share of the costs for services provided. The SPED-Wrap and CBS match rates for Lunenburg County are 16.98% and 8.49% respectively. A summary of the questioned cost is shown in the table below.

Client	Total Expenditures	State Share Reimbursed		Overpayment Reimbursed by State
		CBS	SPED-Wrap	
QQ	\$13,200	\$12,079.32	\$10,958.64	\$1,120.68
UU	\$4,200	\$3,843.42	\$3,486.84	\$356.58
RR	\$8,000	\$7,320.80	\$6,641.60	\$679.20
SS	\$7,400	\$6,771.74	\$6,143.48	628.26
<b>Total Questioned Cost</b>				<b>\$2,784.72</b>

**Criteria:**

SEC Policy 4.1.3; Chapter 836, Appropriation Act item 285.C.3.a. and 3.b.

**Recommendations:**

- The Lunenburg CPMT, CSA Coordinator and/or fiscal agent should ensure expenditures are reported in the appropriate expenditure category prior to the submission of the pool fund reimbursement report.
- The Lunenburg CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether CPMT agrees with the observations regarding questioned. Upon review and recommendations presented by OCS Finance staff, the CPMT will be notified of the final determination



made by the Executive Director of whether the identified actions are acceptable or any additional actions that may be required.

**Client Comment:**

“Quality Improvement Plan for Observation #2: The Office of Children’s Services implemented a new Pool Reimbursement and case data system integration online in FY17, which mitigated the majority of the cross-referencing issues experienced by the Lunenburg County CSA Coordinator. Expenditures are now cross-referenced between the pool reimbursement requests and the County’s accounting system utilized for coding invoices and issuing payments after the CPMT approves expenditures.”

**Observation #3:**

**Criteria:**

**Compliance and Internal Control**

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. Zero collections were reported in fiscal years 2012 through 2017. The same holds true regarding child support collections for foster care children in the custody of the local social services agency. Failure to account for and report all refunds to CSA program is a valuations of SEC policy 4.5.2. 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 item 3; COV § 2.2-5208 item 6; SEC Policy 4.5.2 item e

**Recommendations:**

- The CPMT should ensure that the FAPT and 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. Such documentation should be retained in the case file for the required records retention period.
- The CPMT should ensure that recoupments from child support are refunded and reported to OCS with their monthly pool fund reimbursement.
- Collection and reporting procedures should be established to ensure that the amount received is recorded accurately and timely.

**Client Comment:**

- “The CPMT and FAPT adopted a Parental Co-Pay Policy, Form, and Worksheet to assess parental co-pay eligibility. This will aid the CPMT in recouping costs incurred and alleviate use of state and local funds for full-cost of eligible services. There is a checklist for use by case managers with the introduction of the Case Management Matrix that will be used for all case referrals to FAPT and during any updates on current cases. While both teams realize that the vast majority of the case load will qualify as indigent, this is a valuable tool that is now part of the standard process for co-pay eligible cases and will be utilized for existing cases

upon the quarterly reviews with the family. There is also a check box on the new IFSP to indicate that the Parental Co-Pay process, Family Engagement process, and Consent to Exchange forms have been reviewed with the parent/guardian and those forms are then placed in the case file.

- If there are refunds, they will be documented on the pool reimbursement reports.”

**B) PROGRAM ACTIVITIES**

**Observation #4:**  
**Criteria:** **Compliance and Internal Control**

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Seven (7) client case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and /or multi-disciplinary team (MDT) referral and CPMT funding decisions. The results of the examination identified opportunities for improvements based on the following:

- Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to coordination and service planning by FAPT. Local policy states that the individual family service plans (IFSP) should contain measurable goals and objectives, strategies, and timeline to accomplish the stated goals to address each need identified through the assessment process. In addition, the IFSP should document child/family progress or rationale for no progress being made by the child/family along with new recommended strategies toward overcoming these barriers to making progress. Documentation missing from case files reviewed and/or data elements omitted from the IFSP are documented in the table below:

Description	# of Cases	Error Rate
Measurable Goals and Objectives	2/7	29%
Child and family strengths identified	4/7	57%
Child and family needs identified	1/7	14%
Consent to exchange information	3/7	43%
Parental Consent /Participation in service plan	4/7	57%
Parental Co-pay assessments	3/7	43%
Utilization Reviews	6/7	86%
Missing progress Notes	4/7	57%
Discharge Plan	6/7	86%

- Multiple IFSP designs were used during the period of review, none of which captured all the required data elements necessary for effective service planning. For example, while one version may have captured child and family strengths, neither listed all the mandate types, and thus did not document eligibility criteria met to access CSA pool funds. In addition, neither design afforded a space to document discharge planning activities and client progress or achievement towards service goals and objectives.

Insufficient data collection and poor document management in service planning may lead to increased operational and fiscal inefficiency and ineffectiveness of the local program. Further, this condition fosters an environment that makes the program more susceptible to potential loss of accessibility to State funding in support of local programs as a result of non-compliance with CSA statutes regarding service planning and access to pool funds.

### Criteria:

COV§ 2.2-5212; § 2.2-5208 items 2,4,5,6, and 7; § 2.2-5208, Item 6; § 2.2-5210; Chapter 836, Appropriation Act item 285 § B2.d and 3; SEC Policy Manual sections 3.3; 3.5;and 4.5.4; Requirements and Recommendations Frequency of Administration of the Virginia Child and Adolescent Needs and Strengths Assessment (CANS) for the Children's Services Act (CSA) *updated\* December 2013* Lunenburg policy and procedure's for CPMT and FAPT

### Recommendations:

- Prior to seeking approval for services and funding authorization from the CPMT, the FAPT and the CSA Coordinator should ensure that minimum documentation requirements are met and maintained in client case files. Key documents include but are not limited to: eligibility determinations, consent to exchange information forms, parental co-pay assessments, and progress reports.
- The FAPT should ensure that a properly documented IFSP is used to record service planning activities such as but not limited to, child and family strengths and needs, measurable goals/objectives, discharge planning, and utilization review for CSA pool fund prior to referring a case to the CPMT for funding authorization.
- The CPMT should develop a new IFSP design to ensure all required data elements are captured and the types of data collected is consistent for all clients. OCS has provided a model IFSP and Utilization Review (UR) form that the CPMT should consider adopting.
- Periodic case file reviews should be performed by someone other than the CSA Coordinator to establish quality control of client records and to ensure compliance with CSA statutory requirements.

### Client Comment:

- "The Lunenburg County FAPT and CPMT adopted an updated IFSP and requirements for documentation with the introduction of the Case Management Matrix (an appendix in the Lunenburg CSA Manual). Copies of all supporting documentation (ie: CANS, IEP, IFSP, OASIS) shall be in the case file in hard copy form, as required by SEC policies. Progress notes from providers will be required by the quarter at a minimum, but many will be monthly and kept in the CSA local case file, rather than just in the custody of the case manager.
- Discharge planning and Utilization Review are now part of the IFSP, which must be updated quarterly at a minimum, or as circumstances require an update. Plans for discharge are set for six months from the initial referral and/or quarterly review.
- The recently adopted IFSP provides much more focus on specific data supporting the referral and correlation of data with the other required documentation for each case, including but not limited to: child and family strengths and needs, measurable goals/objective, discharge planning, and utilization review. The new Utilization Review Policy and Procedures is a part of the Appendix in the Lunenburg County CSA Policy and Procedure Manual. The CPMT also selected three members to serve on a "self-audit" committee (outside of the Coordinator) to randomly select case files to independently review at a minimum of six-month intervals to ensure agreement with record retention and policy requirements. The initially appointed committee will formulate a self-audit worksheet utilizing some of the criteria required by OCS Auditors for their locality self-audit form. This committee will be appointed annually and is subject to change in membership to maintain objectivity."

**C) DATA INTEGRITY**

**Observation #5:**

**Criteria:**

**Internal Control**

Data integrity and the reliability of information reported by Lunenburg County CSA office to OCS needs improvement. Information reported in the Child Data Set that includes demographics, service placement type, and funds expended does not agree when compared to the pool fund reimbursement report that included funds expended by expenditure category associated with the applicable service placement type. FY16 Child Data Set reports for Lunenburg County identified 25 children with a primary mandate type of SPED-Wrap. Use of SPED-Wrap funding requires that the services rendered must be provided in the home or community outside of the school setting. For the purpose of financial reporting, the following service placement types are assigned separate expenditure reporting categories and are not considered community-based services eligible for reimbursement using SPED-Wrap funding: SPED Private Day, Foster Care Maintenance, Residential Treatment Facility (Congregate Care), and Congregate Educational Services. The table below depicts a breakdown of the service placement types funded for the 25 youth identified.

Service Placement Type Description	Number of Children Served (unduplicated)
Community Services	20
WRAP-Around Services for Students with Disabilities	3
Special Education (SPED) Private Day Placement	2
Foster Care Basic Maintenance Payment Only	1
Residential Treatment Facility (Congregate Care Setting)	2
Congregate Educational Services –fund Medicaid Funded Placements	1
<b>Note: The number of children served by service placement type and the unduplicated child count by primary mandate type are not equal, as a child/family may receive more than one funded service at any time while accessing CSA resources.</b>	

The following reporting discrepancies were noted in comparing the Child Data Set and Pool Fund Reimbursement:

- Lunenburg County CSA declared intent to utilize \$10,606 allocated by the state for SPED-Wrap funds in FY16 to assist students with educational disabilities. As of the fiscal year-end, pool fund reimbursement reports submitted included zero expenditures from their allocation. However, the Child Data Set reports expenditures totaling \$274,182 for the 25 children with the primary mandate type of SPED-Wrap. If reported accurately on the pool fund reimbursement reports, Lunenburg County would have exceeded their SPED-Wrap allocation by \$263,576. Where all SPED-Wrap Funds have been exhausted, the locality may elect to utilize its non-mandated funding to provide services. Lunenburg would not have had sufficient non-mandated funding to absorb all of the expenditure shortfall.
- Lunenburg’s non-mandated allocation totaled \$92,169 for FY16. In FY16, Lunenburg’s pool fund reimbursement reports included \$95,675 in non-mandated expenditures; whereas, the Child Data Set reported \$96,245 in non-mandated expenditures. Thus, there is a reporting discrepancy of \$570 and Lunenburg CSA overspent their non-mandated allocation by \$3,506.

These reporting errors represent material internal control weaknesses in the reliability and integrity of the financial data used by management in decision making and reporting to OCS. In addition, and as previously notated in this report, Lunenburg’s fiscal reports misrepresent the state/local share of CSA costs for the locality because the appropriate incentive match rates may not have been correctly applied. Starting in FY17 with the implementation of the Local Expenditure Data Reporting System (LEDRS), local agencies will only be submitting one report that entails the Child Data Set information and the associated expenditures.

**Criteria:**

SEC Policy 4.5.1; Chapter 836, Appropriation Act item 285.B.3

**Recommendations:**

The fiscal agent for the CPMT should perform a quality control review to ensure all expenditures are reported correctly in the pool fund report.

**Client Comment:**

“The Fiscal Agent and CSA Coordinator recognize that implementation of the LEDRS program for Data Set information has been a welcome asset in integration of the expenditures with the mandate type and coding. Cross-reference of the County's monthly accounting program expenditure reports have proved to be more efficient since the addition of the LEDRS program. The Fiscal Clerk is introducing a spreadsheet (for internal use only) with the expenditures per case and cross-references them with the minutes from the FAPT and the action by the CPMT to validate invoices before approval. This process is evolving based on its efficacy.”

**Observation #6:**

**Criteria:**

**Compliance and Internal Control**

Lunenburg CSA program is not submitting data collected through the Child and Adolescent Needs and Strengths (CANS) to OCS using the secured electronic database as required per CSA statutes and policies adopted by the State Executive Council (SEC). All CANS assessments were completed on paper instead of using the secured CANVaS application developed to collect the required data. Therefore, the locality's performance measures for FY15 and FY 16 related to CANS school and behavior/emotional health domains were not captured in the statewide reports.

The collection of the assessment data is critical to evidencing the appropriateness of services provided and compliance with CSA funding requirements. In aggregate form, this information is utilized for informed decision making by state and local stakeholders. Data that is collected but not properly recorded affects the accuracy of the information reported and may lead stakeholders to question the reliability and integrity of the data generated pertaining to established CSA performance indicators and overall effectiveness of the CSA Program.

**Criteria:**

COV § 2.2-5210; Chapter 836, Appropriation Act item 285.B.3, SEC Policy 3.6

**Recommendations:**

- The CPMT should ensure that all CANS assessments are complete and entered into CANVaS for all children served by CSA.
- The CPMT should ensure that periodic case reviews are performed by someone other than the CSA Coordinator to establish quality control of client records and ensure compliance with CSA policy and statutory requirements. As a component of the quality control process, the CPMT should consider

completing a reconciliation/verification of the client case file listing against assessments entered into the CANVaS application.

**Client Comment:**

- “The CSA Coordinator has ensured that case managers are entering CANS in the online system and then securing a hard copy of those CANS for the CSA case file. The self-audit committee will validate the presence of these records in case file reviews.
- The CPMT selected members to serve on a "self-audit" committee (outside of the Coordinator) to ensure quality control and review random case files at a minimum of six-month intervals to ensure agreement with record retention and policy requirements. The CPMT will also receive a report of the client case file list and compare it with the CANS report of completed assessments.”

**D) CPMT GOVERNANCE**

**Observation #7:**

**Criteria:**

**Compliance and Internal Control**

Adequate measures have not been established and/or implemented by the Lunenburg County CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA program. Opportunities for improvement were noted based on instances of non-compliance with CSA statutory requirements and internal control weaknesses identified as follows:

- 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.
- A formal process documenting utilization management (UM) activity has not been implemented by Lunenburg County. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarizes in aggregate program outcomes to demonstrate accomplishments of local program goals and objectives and effectiveness of the services provided correlated with the funds expended. Moreover, Lunenburg County CPMT has not identified goals and objectives for its locality to assess overall program performance.
- Utilization review (UR) activities were not evident to access and track clients’ progress or effectiveness of services delivered to the achievement of service plan goals.

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 long range plan, 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:**

COV § 2.2-5206, Items 4, 6, and 13; Chapter 836, Appropriation Act item 285 B.3; Department of Accounts (DOA) Agency Risk Management and Internal Control Standards (ARMICS), Control Environment

### Recommendations:

- As required by CSA statute, the CPMT should develop a long range plan that ensures the development of resources and services needed by children and families in their county. The plan should include a formal risk assessment that identifies service gaps, strategies to address gaps and measurable criteria to be used for evaluating program effectiveness based on the needs in their communities.
- The CPMT should define the measurable criteria for the utilization management activities and monitor implementation of the UM plan. The CPMT should initiate a process that requires periodic reporting on the status of UM activities to all stakeholders.
- The CPMT, FAPT and CSA Coordinator should ensure that UR activities are being performed on each case to track client progress and the effectiveness of service delivery.

### Client Comment:

- “The Lunenburg County CSA Policy and Procedures Manual addresses Utilization Management under the Administrative Policies and sets forth the specific policy and procedures in the Utilization Management and Review Policy in the Appendix of the Manual. The updated IFSP also addresses UR by listing measurable outcomes, monitoring goal achievement, addressing time-sensitive goals, gaps in service needs, and discharge planning.
- The Lunenburg County CPMT is composing a coordinated long-range program evaluation with a Utilization Management Review that will be shared with the FAPT to ensure that the goals and objectives of the local CSA program are positively impacting the needs of youth and families in the community and maximizing the use of state and local resources, both programmatically and monetarily.”

### Observation #8:

#### Criteria:

#### Compliance and Internal Control

Written policies and procedures are not consistent with State statutes, established state CSA guidelines and/or best practices which direct the CPMT to ensure that procedures are established to govern the local CSA program. A review of Lunenburg CPMT policies and procedures noted the following criteria were not met and opportunities for improvement were noted:

- The policies and procedures have not been updated since July 1, 2012.
- The policies and procedures do not clearly define eligibility versus how to access CSA for services. The service population section of Lunenburg CPMT policies and procedures manual, which references COV §2.2-5212 *Eligibility for State Pool Funds*, states:
  - “Youth meeting one or more of the following criteria, and their families must be referred to the FAPT:
    1. Youth is at risk of residential placement, or
    2. Youth is at risk of removal from the home.
  - Youth meeting one or more of the following criteria and their families, may be referred to the FAPT:
    1. Youth requires additional and /or intensive services, or
    2. Youth is returning to the community from residential placement.”

These are not requirements to establish eligibility but rather local policies governing referrals (access) to FAPT for service planning activities.

- Current policies and procedures do not include policies governing Intensive Care Coordination (ICC), records retention and destruction, and parental co-payment.

**Criteria:**

(COV) § 2.2-5206 items 3 and 17; § 2.2-5208 items 6; §2.2-5212; SEC Policy 4.5.4; Chapter 836, Appropriation Act item 285 C.3.d; Library of Virginia (LVA) Records Retention and Disposition Schedule GS 15 Series Number 000174; DOA-ARMICS Control Environment and Control Activity

**Recommendations:**

Lunenburg CPMT should immediately update their policies and procedures manual to align with current State statutes and established policies adopted by the State Executive Council (SEC), to include but not be limited to:

- Revise current policies to clearly delineate eligibility requirements versus accessibility i.e. (cases requiring referrals to FAPT for service planning activities). Eligibility requirements are documented in the Code of Virginia (COV).
- Document and formally adopt ICC, records retention and destruction, and parental co-payment policies as required.
- Distribute the updated policies and procedures manual to all stakeholders to ensure consistent implementation of the Children’s Service Act (CSA).

**Client Comment:**

“The updated Lunenburg County CSA Manual clearly delineates eligibility requirements versus accessibility and the process for referral of cases to FAPT in PART II and the accessibility to the process in PART I, and both are addressed with reference to the appropriate sections of the Code of Virginia. While these principles were always the center of service provisions for the CSA program in Lunenburg, they are now properly documented. Both Lunenburg FAPT and CPMT have electronic access to the Lunenburg County CSA Manual and are expected to adhere to its content requirements.”

**Observation #9:**

**Criteria:**

**Compliance and Internal Control**

Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families.

- The parent representative on the FAPT did not complete the Statement of Economic Interest (SOEI) form as required by statute.
- Signatures of all members of the CPMT, including the private provider, were recorded on client IFSPs indicating approval of services provided. However, the CPMT minutes denoted that the private provider abstained from voting on cases which financially benefited his organization. This practice blurs the lines of accountability and gives the appearance of impropriety since the private provider’s signature indicates both approval and abstention, where his organization may be the designated service provider.



The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are significantly reduced based on the increased possibility that required parties may not have appropriately disclosed personal interests and/or gives the appearance that the private provider is approving funding for services provided through his company.

**Criteria:**

COV §2.2-3100, §2.2-311, §2.2-5207, and § 2.2-5210

**Recommendations:**

- The CPMT should ensure that the SOEI form is completed immediately for all non-public participating members serving on the FAPT. Forms should be completed and retained in accordance with records retention policies.
- The private provider should discontinue signing off on the IFSP for cases where he/she represents the services provider to ensure that the appearance of a conflict is not present. The CPMT minutes should continue to denote where representatives abstain from voting on funding authorizations.

**Client Comment:**

- “The first year of the audit period, the FAPT parent representative did not submit a SOEI because we did not realize the requirement. However, the CPMT parent rep and CPMT private provider did submit their statements. All three Statement of Economic Interest forms are now on file for both the private provider on CPMT and parent representatives from both FAPT and CPMT. The others we have on file include the Fiscal Clerk, Social Services Director, and while it is not required by the State, we asked that the CSA Coordinator also submit one for our records to ensure transparency.
- The private provider representative does not vote for or against the cases referred to his business, but abstains from those cases. The new IFSP leaves a place for the CPMT Chair to indicate CPMT approval of the plan and denotes the vote result in order that it can be noted, for example: 6 yes, 1 no, 1 abstain. The private provider indicates that he approves cases other than those for his business, abstention from cases referred to his business, and no longer signs any documentation on the IFSP to prevent confusion.”

**Observation #10:**

**Criteria:**

**Compliance and Internal Control**

Ninety-eight (98) percent of the 117 youth serve through CSA and reviewed in this audit over a three-year period received mentoring services or parent support services from a single provider who also serves on the CPMT. Coupled with the failure to demonstrate CSA eligibility for thirty-seven (37) percent of the cases, this practice provides an appearance of impropriety. Directing a large proportion of the locality CSA funding to a single vendor, especially one who serves on the program’s governing body is strongly discouraged and its appropriateness is highly questionable. Many of the children served received quantities of services that exceed common expectations for that service. Failure to document proper assessments and service planning activities to support the need for services of this provider creates an even higher degree of exposure to misuse of funds not matching the child’s needs. See the table below

Analysis of Lunenburg County CSA							
	FY 15		FY 16		FY 17		3 year total
	Expenditures	# of Clients	Expenditures	# of Clients	Expenditures	# of Clients	
New Generation Youth Services (NGYS)	\$ 443,575	79	\$ 506,945	72	\$ 535,584	61	\$ 1,486,316
Total All Providers	\$ 937,696	111	\$ 1,082,300	92	\$ 1,154,942	87	\$ 3,175,228
NGYS Percentages	47%	71%	47%	78%	46%		

**Criteria:**

COV § 2.2-5205 paragraph 4; § 2.2-5206 items 1,6,7, 13; DOA-ARMICS Control Environment

**Recommendations:**

- The CPMT should initiate a process that requires periodic reporting, at least annually, on total funds expended of private organizations or associations of providers for children's or family services to ensure a proportionate distribution of public funds.
- The CPMT should establish procedures for obtaining bids on the development of new services, that indicate an array of service providers and assessment of provider qualifications.
- The CPMT should ensure that services provided match the level of need for the children and families being serviced.

**Client Comment:**

- "The Lunenburg County CPMT is implementing a Utilization Management process to include evaluation of fiscal and statistical reports to evaluate the expenditure of funds by category and report on the vendors receiving compensation for services. This information will be reviewed at least annually to aid the FAPT and CPMT with data that can assist with innovative ideas for improvement.
- The FAPT and CPMT take all provider referrals and cost into careful consideration before selecting or approving a provider. When new services are necessary, the services must be in the best interest of the child and require documented parental consent or input on providers. Local services offer the least-restrictive environment, but are not always feasible or recommended; non-local services are evaluated for value to both the family needs and restrictions, but also for cost-effectiveness.
- More detailed and continued utilization review will assist the teams in ensuring that goals and objectives are either being met or a different approach is necessary. The formal reviews and documentation of outcomes will fulfill the correlation between the level of need of the children and families and the UM objectives for the Lunenburg County CSA program."

## CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Lunenburg County CSA program, particularly in reference to operational and governance practices and fiscal activities. Conditions were identified pertaining to the programmatic/statutory compliance, operating, and fiscal practices of the locally administered program that could adversely impact the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on Wednesday, January 31, 2018, to present the audit results to the Lunenburg County CPMT. Persons in attendance representing the Lunenburg County CPMT were as follows: Louise Johnson, CPMT Chair, Tracy Gee, Fiscal Agent and County Administrator, Edward Pennington, County Board of Supervisor Representative and Cheryl Blow, CSA Coordinator. Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Lunenburg 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

Tracy Gee, Lunenburg County Administrator  
and CPMT Fiscal Agent

Louise Johnson, CPMT Chair

Cheryl Blow, CSA Coordinator

SEC Finance and Audit Committee