



# COMMONWEALTH of VIRGINIA

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

Scott Reiner, M.S.  
Executive Director

January 23, 2017

Nancy Welch, CPMT Chair  
Mathews County Public Schools  
PO Box 369  
Mathews, VA 23109

RE: Mathews County CSA Program Self-Assessment Validation, File No. 46-2015

Dear Ms. Welch,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Years 2013-2015, the Mathews County 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 by the established due date of January 31, 2015. An on-site visit was scheduled and conducted by OCS Program Auditors on May 13, 2016 to perform the independent validation phase of the process.

Based on the review and examination of the self-assessment workbook and supporting documentation provided by the Mathews County CSA program, our independent validation:

Concurs                       Partially Concurs                       Does Not Concur

with the conclusion reported by the Mathews 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 Mathews County CSA program. The explanation for our assessment results are as follows:

***The Mathews County Community Policy and Management Team concluded that there were no significant non-compliance and/or internal control weakness observations noted. However, validation procedures of the locally prepared CSA Self-Assessment Workbook identified major deficiencies<sup>1</sup> indicating non-compliance and internal control weaknesses in the local CSA program. 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***

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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.

*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 pertaining to the Mathews County CSA Program are detailed below.*

<b>SIGNIFICANT NON-COMPLIANCE AND INTERNAL CONTROL WEAKNESSES</b>
<b>OBSERVATION 1</b>
The composition of members serving on the Mathews County CMPT does not meet the membership requirements established by CSA statute. The CPMT is missing a parent representative serving on the team as required by the Code of Virginia. The absence of parent representative from the governing body responsible for the administration and implementation of the local CSA program represents a material weakness in oversight and governance of the program.
<b>CRITERIA:</b> § 2.2-5205. Community policy and management teams; membership; immunity from liability; CSA Policy Manual section 3.1.1
<b>OBSERVATION 2</b>
Adequate measures have not been established and/or implemented by the Mathews 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: <ul style="list-style-type: none"> <li>• The CPMT has established ongoing key performance goals and documented coordination of long-range planning. However, measurable criteria for evaluating the achievements of stated goals and target dates were not documented.</li> <li>• A formal process of documenting utilization management/utilization review (UM/UR) activity has not been developed and/or implemented by Mathews CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarize, in aggregate, program outcomes to demonstrate accomplishment of local program goals objectives and effectiveness of the services provided correlated with the funds expended.</li> </ul> <p>The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of the organizational governance. The absence of a 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 the youth and families in the community to maximize the use of state and community resources.</p>
<b>CRITERIA:</b> COV § 2.2-5206, Community policy and management teams; powers and duties Items 4, 6, and 13; Department of Accounts (DOA) Agency Risk Management and Internal Control Standards (ARMICS), Control Environment, Risk Assessment, and Control Activities

**OBSERVATION 3**

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State CSA policies and procedures were not met. Prior year expenditures were improperly recorded in fiscal year (FY) 2015. Mathews County CSA program received two invoices for educational services provided in June 2014 (FY14) in September 2014. A check was issued to the service provider on September 30, 2014 (FY15) but was not entered in the CSA reporting system by the deadline to be charged in FY 14. Reimbursement for these expenditures was requested from OCS on the September 2014 (FY15) pool reimbursement request report. CSA policy requires eligible expenditures to be recorded and reimbursements requested by September 30 of that year for the prior program year expenditures. To this end, policy allows localities to submit up to five (5) June 30 expenditures reports. The total questioned cost equals \$732.00 of which \$419.36 represents the state share of the expenditure.

**CRITERIA:** Children's Services Act Policy Manual 4.5.2 Pool Fund Reimbursement

**RECOMMENDATION**

- The CPMT should secure a parent representative to serve on the CPMT to ensure compliance with the Code of Virginia.
- The CPMT should develop measurable criteria for evaluating the achievement of its stated goals and objectives and report progress to all stakeholders at least annually.
- The CPMT should develop and implement a process that requires periodic reporting of aggregate data collected regarding the status of utilization review/utilization management activities.
- The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, to address whether the funds will be restored for the identified questioned cost. 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.

The Office of Children's Services respectfully requests that you submit a quality improvement plan to address the observations outlined in this report no later than 30 days from receipt of this report. Mathews County CPMT has submitted an acceptable quality improvement plan for non-significant non-compliance issues and internal controls weaknesses identified with the completion of the self-assessment workbook. As of this report date all non-significant items on the quality improvement plan has been implemented. We ask that you notify this office as quality improvement tasks identified to address significant observations are completed. OCS will conduct a follow up validation to ensure the quality improvements have been implemented as reported.

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We would like to thank the Mathews County Community Policy and Management Team and related CSA staff 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 Gretchen Carson CSA Coordinator during our on-site visit. Ms. Carson's efforts enabled the audit staff to quickly 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  
Program Auditor

cc: Scott Reiner, Executive Director  
Melinda Conner, County Administrator  
Mathews County  
Tiffany Gordon, Fiscal Agent  
Gretchen Carson, CSA Coordinator  
Stephanie Bacote, Program Audit Manager  
SEC Finance and Audit Committee