

3-12 Children’s Services Act Funds (CSA)

(Contact: Office of Children’s Services (OCS); CSA Website –<http://www.csa.virginia.gov>; Stephanie Bacote – Phone 804.662.7441 (<mailto:Stephanie.Bacote@csa.virginia.gov>) or Annette Larkin – Phone 804.662.9816 (Annette.Larkin@csa.virginia.gov). [Updated June 2016-name changes for Act and references to updated CSA policy Manual]

Section [2.2-5204](#) of the Children’s Services Act requires an annual audit of CSA funds by all counties and cities that receive funding pursuant to the Children’s Services Act, Chapter 52 of Title 2.2 (Section [§ 2.2-5200](#)). Accordingly, the auditor must perform the procedures contained in this section regardless of materiality.

The Children’s Services Act is designed to create a collaborative system of services and funding for at-risk youths and their families. At-risk youth include children with severe emotional and/or behavioral problems, including but not limited to students with disabilities in private special education facilities and youth in foster care. These at-risk youth often require services from more than one local agency. The Children’s Services Act requires the local Community Services Board (CSB); local Department of Social Services; local school division; and local Court Service Unit (CSU) to work together in providing services for such youth.

Policies and procedures for implementing the Act are set forth in the Policy Manual for the Children’s Services Act (revised July 2015; Link: http://www.csa.virginia.gov/PDF/CSA_PolicyManual2015revision.pdf). The CSA is funded as a separate agency (Agency 200) with state and federal funds. Local governments receive two types of funds under the Children’s Services Act: (1) pool funds, and (2) local administrative funds. Each of these funding sources is discussed briefly below.

State Pool Funds (Section 4 of the [CSA Manual](#)): Pool funding is directly appropriated to Agency 200 to provide services to eligible children. Allocation of funds in the state pool to local communities is determined by a formula based on language in the Appropriation Act. Pool funds can be used to provide services to children and their families who are eligible for services as defined in Section § 2.2-5212 of the Code of Virginia.

Pool funds are state funded with a local matching share. Variable local match rates apply to certain services/expenditure categories as specified in the Appropriation Act:

- Base Match Rate – per formula established by the Appropriation Act
- Community Based Services Rate – 50 percent of the base match rate.
- Residential Services Rate – 25 percent above the base match rate.

The funds are reimbursement based (i.e., the locality must expend funds and then will be reimbursed for the state-share of the expense by the Department of Education who serves as state Fiscal Agent). Reimbursements are requested using the electronic Pool Reimbursement Request (accessed using the CSA web <http://www.csa.virginia.gov/>) as often as monthly, but not less often than quarterly.

Administrative Funds (Section 4.5.3 of the [CSA Manual](#)) Administrative funds are available to offset the added cost localities incur in implementing the Children's Services Act. Use of these funds is flexible, and may be used for administrative and coordinating expenses, or even direct services to eligible youth and families.

Federal Expenditure Reporting Requirements - CSA pool funds are comprised of Federal, State, and local monies collectively. In collaboration with the Department of Education, the Office of Children's Services sends a statement to each locality of their respective federal reimbursement for inclusion in their Schedule of Expenditures of Federal Awards (SEFA) under CFDA 93667.

Special Requirement - Separate Accounting

State and local revenues and expenditures applicable to the Children's Services Act must be identified separately from other funds within the local government's accounting system (Section 4.5.3 of the [CSA Manual](#)).

Required Audit Procedure: Determine whether the method used by the local government to account for Children's Services Act funds is adequate to separately account for such funds.

Allowance or Permitted Requirement - Pool Funds

Pool funds must be expended for public or private non-residential or residential services for troubled youth and families. (Code of Virginia 2.2-5211) Pool funds may only be used for services for specific eligible children and their families. Administrative costs, interagency coordinators, and services billable to other funding sources are not allowable.

Required Audit Procedure: Select a sample of Pool Fund disbursement transactions from throughout the year under audit. For each transaction selected, determine whether the:

- (a) payment was supported by a written contract or service agreement,
- (b) services were provided to a specific eligible youth or family (a single voucher may cover services for more than one youth; however, the contract or purchase order must specify a child-specific unit price),
- (c) maintenance and support expenses to foster youth did not exceed the amount determined by the local social services board and is consistent with the written contract or service agreement,
- (d) payment was made as authorized by CPMT policies and procedures. Ensure that local CPMT policies and procedures are consistent with the Code of Virginia statutes and the CSA Policy Manual.
- (e) the authorized service was not eligible for another funding source, for example Medicaid funding prior to using CSA funding to pay for the services, and
- (f) expenditure appears reasonable given the purpose of the Children's Services Act and the purpose of pool funds

NOTE: The Office of Children's Services (OCS) has developed a "Can CSA Pay" tool ([Can CSA Pay? Flowchart](#)) to assist CPMT's with determining the appropriate use of pool funds.

Eligibility Requirement - Pool Funds

Pool funds may only be used to provide services to children/youth and their families who are eligible for services as set forth in the Code of Virginia Section 2.2-5212. Eligibility for CSA funding is defined by Code and governed locally by the Community Policy and Management Team (CPMT) policies and procedures. Further information on the eligible CSA population can be found in Section 4.1 (Eligible Populations) of the [CSA Manual](#).

In January 2011, pursuant to SEC policy the special education mandate cited in §2.2-5211, B1 may be utilized to fund non-residential services in the home and community for a student with a disability when the needs associated with his/her disability extend beyond the school setting and threaten the student's ability to be maintained in the home, community, or school setting (i.e. Wrap Around Services). Beginning with the FY13 program year, state share appropriation to be allocated to localities providing Wrap Around Services for Students with Disabilities was earmarked by the Governor (Chapter 665 of the 2015 Acts of Assembly) not to exceed \$2.2M. Only localities with approved allocations by the state office will have expenditures in this reporting category. Those localities, along with the amount of their allocations, can be identified by viewing their respective CSA Transaction History Reports, which can be accessed through the CSA website via the following web-link:

<http://www.csa.virginia.gov/publicstats/pool/poolreports/ViewTransHist.cfm?fy=2016>

All youth and families eligible for the CSA-funded treatment services are required to be assessed by the Family Assessment and Planning Team (FAPT) or an approved collaborative, multidisciplinary team process and shall consider the criteria set out in subdivisions A 1 and A2 of [2.2-5212](#). Except for cases involving only the payment of foster care maintenance that shall be at the discretion of the local community policy and management team, cases for which service plans are developed outside of this family assessment and planning team process or approved collaborative, multidisciplinary team process shall not be eligible for State pool funds. Code of Virginia Section [2.2-5209](#); (Section 3.2.2 of the [CSA Manual](#)). IEP services (private school placements) are exempt from the FAPT process, unless required by local policy.

Section [2.2-5206](#) of the Code of Virginia requires the local Community Policy and Management Team (CPMT) to develop procedures to access CSA Funds for eligible populations.

Required Audit Procedure: Review the local government's system for determining eligibility and evaluate for adequacy. Select a sample of program participants from the vouchers supporting the Pool Reimbursement Requests tested below (or from other sources as deemed appropriate by the auditor). For each participant selected, determine whether the individual is classified on the Reimbursement Request as part of

the mandated or non-mandated population pursuant to 2.2-5212. Examine documentation in the youth's case file and determine whether:

- (a) the youth meets the state eligibility criteria,
- (b) the youth meets the state criteria for inclusion in the mandated population, if the individual was included in the mandated population on the Reimbursement Report,
- (c) service plans were developed and approved by the family assessment and planning team process or approved collaborative, multidisciplinary team process (except for cases involving foster care maintenance only or IEP services),
- (d) expenditures were authorized by the community policy and management team,
- (e) when required, service providers meet licensing requirements.

CSA has developed a [Uniform Documentation Inventory](#) to assist CPMT's with the development and maintenance of case documentation.

Reporting Requirement - Pool Reimbursement Requests

Local governments receiving pool funds must submit electronic Pool Reimbursement Requests not less often than quarterly. Documentation must be maintained to support expenditure amounts reported, and to demonstrate that each pool fund expenditure was made on behalf of a specific eligible child (or list of specific children). The pool fund reimbursement claim should exclude any payment whose services were paid using Medicaid (or any other funding source). Cost for which reimbursement is being claimed must be reported pertaining to the fiscal year in which the service was provided. Final claims for reimbursements for prior year payments will not be accepted after the first quarter (September 30) of the next fiscal year. (Section 4.5.2 of the [CSA Manual](#)) Adequate separation of duties should exist between Report Preparer and Fiscal Agent and passwords should be kept confidential.

Required Audit Procedures: Select a sample of Pool Reimbursement Requests from throughout the year under audit.

- (a) Determine that requests were filed at least quarterly.

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- (b) Determine accuracy of amounts reported by tracing receipts and expenditures to the locality's general ledger or reviewing the locality's reconciliation of amounts reported to the general ledger.
- (c) Perform a service year test ensuring reimbursement requests pertain to the year in which the services were provided.
- (d) Verify that all expenditures were reported in the appropriate reporting categories.
- (e) Verify that the individual preparing the pool fund expenditure report is not the same individual as the locality assigned fiscal agent approver.