



COMMONWEALTH of VIRGINIA

Susan Cumbia Clare, M.Ed
Executive Director

OFFICE OF COMPREHENSIVE SERVICES
Administering the Comprehensive Services Act for At-Risk Youth and Families

May 20, 2013

Ms. Lynette Johnson, CPMT Chair
Frederick County CSA Program
1415 Amherst Street
Winchester, VA 22601

Dear Ms. Johnson

In accordance with the Office of Comprehensive Service's (OCS) Audit Plan for Fiscal Years 2013-2015, the Frederick County Community Policy and Management Team (CPMT) has completed and submitted the results of the self assessment audit of your local CSA Program by the established due date of January 31, 2013. An on-site visit was scheduled and conducted by OCS Program Auditors on April 15, 2013 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 Frederick County CSA program, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Frederick County CPMT. We agree that no significant observations of non-compliance were found in the design or operation of the processes or services conducted on behalf of Frederick County CSA. However, we do not agree with the Frederick County CPMT's conclusion that no significant internal control weaknesses were identified. The explanation for our assessment results are as follows:

The Frederick County CPMT concluded that there were only non-significant compliance and/or internal control weakness observations noted. However, validation procedures of the locally prepared CSA Self-Assessment Workbook indicated that there were significant internal control weaknesses in the local CSA program. An adequate system of internal controls is contingent upon appropriate segregation of duties, proper reviews and authorization, and clear lines of authority/responsibility governing operational and fiscal activities. Lack of segregation of duties, appropriate reviews/authorizations, and blurred lines of authority/responsibility are considered significant. Specifics are detailed on page 2.

SIGNIFICANT INTERNAL CONTROL WEAKNESSES	
■	Conflicting statements are documented in the written policies and procedures established by the CPMT governing funding approval of services recommended by FAPT. Section VIII.A of the Frederick County CSA Policies and Procedures Manual states that all recommendations for funding MUST be authorized by CPMT. However Section VIII.B states that any recommendation under \$3500/mo must be approved by the Case Manager's supervisors. Locally this has been interpreted to mean that purchase of services under \$3500 can be approved by the Family Assessment and Planning Team (FAPT) and does not require CPMT approval for funding. Interviews with CSA staff confirmed that itemization of such expenditures are not reported to the CPMT. This practice is an indication of internal control weaknesses pertaining to segregation of duties, approvals and authorizations, which are contrary to the inherent design of CSA to establish segregation of duties by assigning responsibility of funding authorization to CPMT and responsibility for strengths/needs assessment and service recommendations to FAPT.
■	Section X.F of the Frederick County CSA Policies and Procedure Manual provides for blanket authorization of funding for foster care and other services, such as day care, counseling, evaluations, and medical treatment, provided that expenses not exceed \$2500 per month. The application of this local policy circumvents State CSA policy which only permits foster care maintenance expenses and/or IEP approved services as exempt from FAPT, unless required by local policy. Counseling and evaluation services are not considered foster care maintenance. Therefore, internal controls that have been implemented to ensure appropriate authorizations are obtained and economic/efficient use of resources are not functioning as intended.
■	Frederick County CSA recently adopted a parental co-pay policy in December 2012. Co-Pay Policy Item 6 states that the providers are responsible for collection of the family's contribution by deducting the co-pay from the authorized funding amount when the purchase order is issued, and the co-pay may be divided based on percentage if there are multiple providers. The potential implications for blurring the lines of authority and responsibility are significant in that it is not immediately clear: (1) who is responsible for ensuring the amounts collected are accurately recorded in CSA financial reports, (2) the extent of vendor discretion in actions taken in pursuit of the collection of delinquent accounts, (3) responsibility for monitoring vendor compliance with established procedures, and (4) accessibility to services should parents become delinquent.
RECOMMENDATION: The Frederick County CPMT should strongly consider rescinding the existing local policies, and revise the local policies to ensure that they are more closely aligned with CSA policies established by the Code of Virginia and the State Executive Council.	
OTHER NON-SIGNIFICANT INTERNAL CONTROL WEAKNESSES	
■	The Frederick County CSA Policy and Procedures Manual includes a table depicting services authorized for CSA funding that was excerpted from Appendix D of the CSA Manual. Appendix D contains guidance prepared by the Virginia Department of Social Services and is not actually CSA Policy and therefore services identified may not be appropriately eligible for CSA funding.
■	Section XI.A.6 of the Frederick County CSA Policies and Procedure Manual references an outdated assessment tool (i.e. CAFAS). The procedure does not recognize CANS as the appropriate and SEC approved assessment tool to be utilized in order to access CSA pool funds.
RECOMMENDATION: The Frederick County CPMT should revise policies and procedures to remove outdated information and remove language suggesting that the table of services authorized for CSA funding is policy rather than guidance. Revised policies should also reference CANS as the authorized assessment tool.	

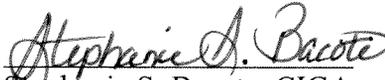
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The Office of Comprehensive Services respectfully requests that you submit a corrective action plan to address the observations outlined on page 2 no later than 30 days from receipt of this report. You may use the template included in the CSA Self-Assessment Workbook. The workbook may be accessed via:

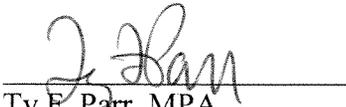
http://www.csa.virginia.gov/html/Program_Audit/Program_Audits_information.cfm.

We would like to thank the Frederick 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 Jackie Jury, CSA Coordinator during our on-site visit. Ms. Jury efforts enabled our team to quickly, and in some cases immediately, resolve any questions/concerns that we observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,



Stephanie S. Bacote, CIGA
Program Auditor



Ty F. Parr, MPA
Finance and Data Consultant

cc: Susan C. Clare, Executive Director
John R. Riley, Jr., Frederick County Administrator
Sharon Kibler, CPMT Fiscal Agent
Asst. Director, Frederick County Finance
Jackie Jury, CSA Coordinator