

***COMPREHENSIVE SERVICES ACT
PROGRAM AUDIT***

City of Hopewell

Audit Report No. 07-2013

September 25, 2013



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EXECUTIVE SUMMARY

The Office of Comprehensive Services has completed an audit of the City of Hopewell Comprehensive Services Act for At Risk Youth and Families program. Our audit concluded that there were material weaknesses in internal controls, particularly in reference to governance and accountability of the \$6.5 million of allocated (state and local) funding for fiscal years 2012 and 2013 combined. Conditions were identified that could adversely impact the effective and efficient use of resources, as well as non-compliance with statutory requirements. The following significant issues were identified:

- Operational activities were not consistently and sufficiently performed to ensure evidence of multidisciplinary collaboration in service planning, such as completing the Child Adolescent Strengths and Needs (CANS) assessment and Individual Family Service Plans (IFSP).
- Fiscal practices and procedures adopted by the CPMT needs strengthening to increase the operational effectiveness, specifically relating to lines of authority and responsibility, execution of transactions, and monitoring. Hopewell expended \$24,897 for client services where CSA requirements to access pool funds were not met.
- A formal long range plan had not been documented by the City of Hopewell Community Policy and Management Team (CPMT) to document the goals, objectives, and strategies, in order to establish a means to fully measure and evaluate the operational and fiscal effectiveness of the local CSA program.

The Office of Comprehensive Services appreciates the cooperation and assistance provided on behalf of the City of Hopewell CPMT and other CSA staff. Formal responses from the City of Hopewell to the reported audit observations are included in the body of the full report.



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INTRODUCTION

The Office Comprehensive Services has completed a financial/compliance audit of the City of Hopewell Comprehensive Services Act for At-Risk Youth and Families program. The audit was conducted in accordance with generally accepted government 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 September 24, 2013 and covered the period April 1, 2012 through March 31, 2013.

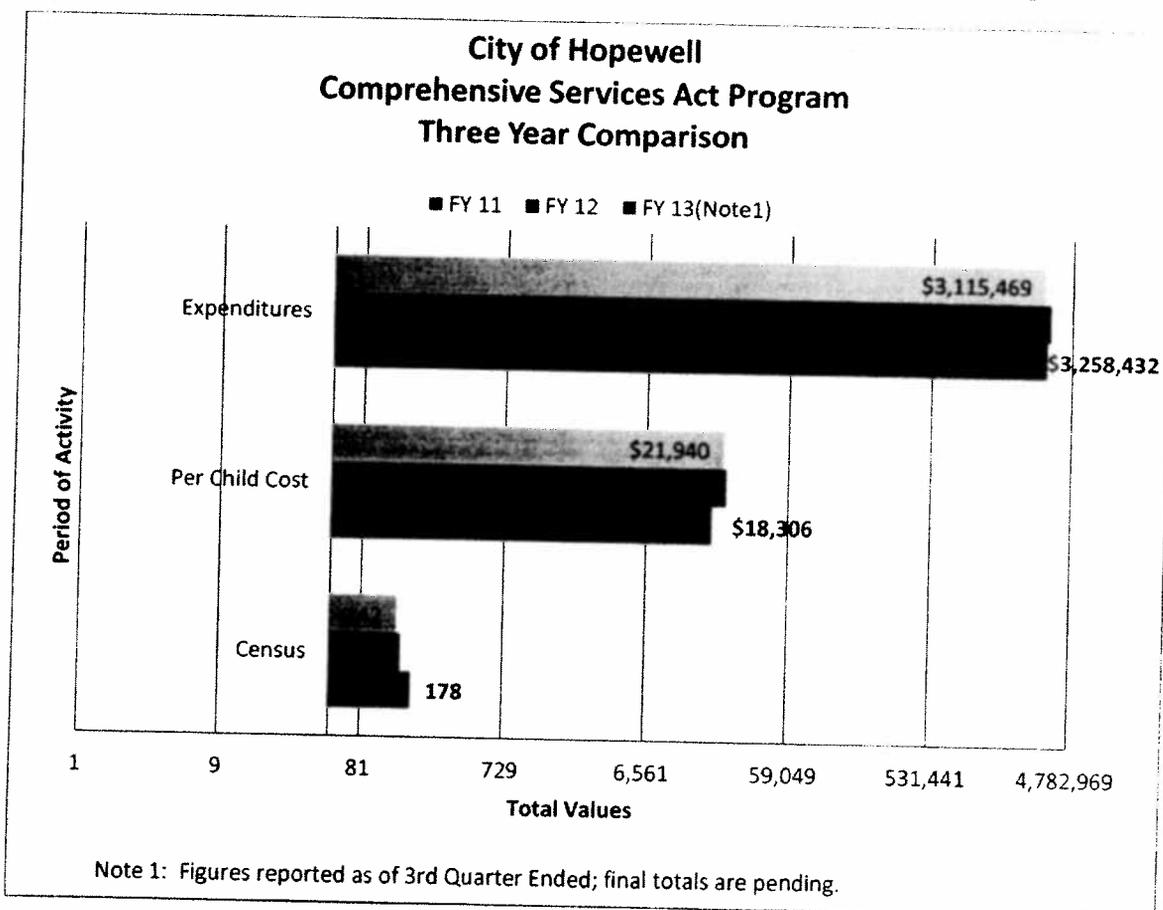
The objectives of the audit were to:

- 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 local CSA programs.
- To assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating local CSA program's operational and utilization review practices.

The scope of our audit included all youth and their families who received CSA funded services during fiscal years 2012 and 2013. Audit procedures performed included reviews of relevant laws, policies, procedure, 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.

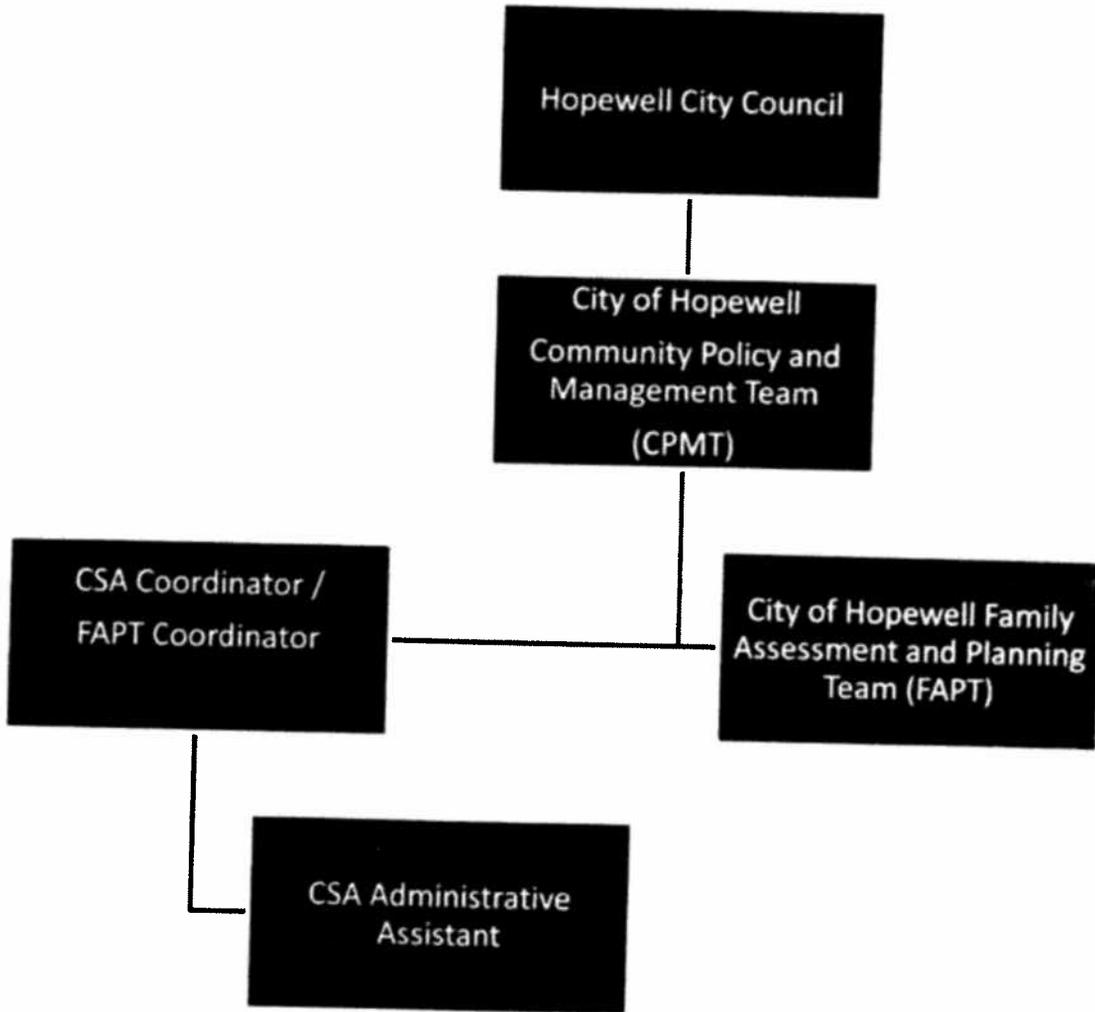
BACKGROUND

The Comprehensive Services Act for At-Risk Youth and Families (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. Of the approximate \$300 million appropriated by the Virginia General Assembly and local governments to fund CSA, the total combined state and local initial allocation for City of Hopewell in fiscal years 2012 to 2013 was \$3,422,540. Actual net expenditures for this period totaled \$6,593,133, which represents a 92% increase above the initial FY 12 and 13 funding allocations. Supplemental funding allocations were requested and granted to cover the increased expenditures for “sum sufficient” services provided to eligible at-risk youth and families. Based on reported figures for the fiscal year 2013 pending final close-out, the estimated average per capita cost of CSA in the City of Hopewell is \$146. A trend analysis of the City of Hopewell CSA expenditures, population, and costs per child (“unit cost”) indicated expenditures and the number of clients served were relatively stable from fiscal year 2012 to 2013, while the cost per child dropped 20%. The chart below depicts a comparison for fiscal years 2011 through 2013.



Source: CSA Website, Statewide Statistics (http://www.csa.virginia.gov/publicstats/csa_pool.cfm)

The state funds, combined with local community funds, are managed by local interagency teams, referred to as “Community Policy and Management Teams” (CPMT) who plan and oversee services to youth. The City of Hopewell CPMT is supported in this initiative by the “Family Assessment and Planning Team” (FAPT) responsible for recommending appropriate services. Administrative support to the CPMT and FAPT is provided by a part-time CSA Coordinator. The local management structure for City of Hopewell is as follows:



OBSERVATIONS AND RECOMMENDATIONS

A) PROGRAM ACTIVITIES

Observation 1:

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Nineteen 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 as follows:

- Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to coordination and service planning by FAPT. Specific exceptions included: (1) absence of an IFSP documenting services recommended, (2) Child Adolescent Needs Strengths (CANS) assessments were not completed, (3) missing and/or outdated consent to exchange information, (4) absent verification of VEMAT rates, and (5) parental co-pay assessments were not documented. One or more of the identified exceptions were observed for 11 (57%) of the 19 client case files examined.
- Required key data elements included on service planning documents (i.e. IFSPs) were not always consistently completed. Stated goals and objectives were not recorded on the IFSP for 5 (26%) of 19 client files reviewed. For IFSPs where goals were indicated, the goals were not always measurable. The IFSP format was recently revised to include data fields for incorporating specific measurable goals, objectives, and strategies. However, we observed that those data elements were left blank in some instances.

Poor data collection and 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:

§ 2.2-5208. FAPT Powers and Duties, Item 5
CSA Manual Section 3.5 Records Management
CSA Manual Section 4.3.5 Provision of Services

Agency Risk Management and Internal Control Standards, Control Activities

Recommendation: Prior to service planning, the CSA Coordinator and the FAPT should verify and obtain copies of completed CANS assessments and current consent to exchange information. The CSA Coordinator and the FAPT should also ensure that an IFSP is fully completed, to include measurable goals and objectives, and is maintained in the client case file in order to substantiate services recommended to CPMT for funding authorization. Lastly, 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 Comments: Concur.

1. "Hopewell CSA will require that CANS assessments are received prior to initial case reviews by the FAPT or the CANS assessment must accompany the IFSP. Also, the most recent CANS dates will be provided to CPMT prior to the approval of purchase order funding."
2. "Hopewell CSA has implemented a revised consent to exchange information form which allows information to be exchanged throughout the duration of the case or as long as the client is receiving services."
3. "IFSPs will not be accepted for review without the document being completed and including goals that reflect the need for services. The FAPT will review IFSPs and determine the appropriate services which will be added to the plan."
4. "Hopewell CSA will require that a copy of the VEMAT rate sheet be provided before FAPT reviews and CPMT funding approval."
5. "Hopewell will begin to utilize the Virginia State Median Income guidelines to assess parental co-pays. If parental co-pay is determined, CSA will require the parent or guardian to sign a parental contribution agreement for monthly payments."

Observation 2: Utilization management/utilization review (UM/UR) of residential facility placements were not always documented per the locally established policies and procedures. Facility reviews are performed in order to collect utilization data, document progress or effectiveness of services delivered, monitor specific service delivery dates or other required elements in support of the Individual Family Services Plan (IFSP). Insufficient documentation of the results of facility reviews conducted reduces the reliability and integrity of information maintained in support of decision making as it pertains to the validity and effectiveness of purchased services.

Criteria: § 2.2-5206. CPMT Powers and Duties, Item 13
CSA Policy Manual Section 8.1, Utilization Management
City of Hopewell, CSA Program Policies and Procedures Manual, Section
IV.D.2.b. (5), Implementation/Monitoring of the Service Plan

Recommendation: The CSA Coordinator should ensure that required documentation evidencing utilization reviews of residential placements are completed by persons responsible for conducting those reviews (i.e. Case Managers and/or FAPT) and that the documents are retained in the individual client case files.

Client Comments: Concur. "The CSA Coordinator will complete quarterly reviews of residential facilities and services providers. The completed reviews will be presented to CPMT members during the monthly meeting. A copy of the review will be placed in the vendors file as well as in the client's file who is placed in the facility."

Observation 3: Local policies and procedures governing the provision of services pertaining to intensive care coordination (ICC) had not been established by the Hopewell CPMT. However, a memorandum of agreement (MOA) was established with the District 19 Community Service Board describing scope and terms of agreement for ICC services available to Hopewell youth and families. The original term of the MOA expired June 2010. However, there was no documentation of renewals for subsequent periods and ICC services were not purchased by the Hopewell CSA after the agreement expired. The exclusion of formal, written policies and procedures relating to ICC services and/or out-dated service agreements used in lieu of formal policies and procedures leads to non-compliance with CSA statutory requirements.

Criteria: § 2.2-5206. CPMT Powers and Duties, Item 17
Agency Risk Management and Internal Control Standards, Control Environment (Governance); Issued by Virginia Department of Accounts

Recommendation: The CPMT should ensure that policies pertaining to ICC services are incorporated with the Hopewell CSA Policies and Procedures Manual, and that contractual agreements established for the provision of services are reviewed for renewal (if applicable) prior to expiration. Renewal notices should be maintained in support of continuing the agreement beyond the original period of service.

Client Comment: Concur. "Hopewell CPMT will utilize and implement the ICC policy provided in the CSA Policy Manual. The ICC policy will be included in the Hopewell CSA Policies and Procedures Manual. Also, Hopewell CSA

will contract with providers who are trained and approved to provide ICC services.”

B) FISCAL ACTIVITIES

Observation 4: Hopewell’s CSA Program expended \$24,897 to cover the cost of services provided to youth and families where service planning activities were not in accordance with CSA requirements. Affected transactions included payments where: (1) CANS assessments were not completed, (2) IFSP’s documenting service recommendations were not available, and (3) expense incurred was not identified in an existing IFSP. This condition was observed for 6 (31%) of the 19 client cases examined. Based upon the conditions cited, the potential that funds could be mismanaged is significantly increased.

Description	Non-Compliance Criteria	Clients Affected	Total Amount
Missing CANS	CSA Statute	3	\$ 14,025
Missing CANS & IFSP	CSA Statute	2	\$ 10,760
IFSP omits expense	CSA Statute	1	\$ 112

Criteria: Current Appropriations Act Chapter 806
 CSA Manual Section 3.1.5.b Referrals to FAPT
 CSA Manual Section 3.2.6 Access to Pool Funds CPMT
 CSA Manual Section 4.3.5 Provision of Services
 CSA Manual Section 4.5.3 Disbursement Procedures and Toolkit

Recommendation: Prior to processing invoices for payment and submittal of pool fund reimbursement requests, the CSA Coordinator should verify that the CANS and IFSP has been completed for applicable clients and that expenditures incurred are not the responsibility of another agency. The CPMT should consult with the Office of Comprehensive Services regarding the appropriate action to be taken as it pertains to reimbursement of the state share of expenditures that could not be validated.

Client Comments: No opinion at this time.

1. “Hopewell CSA will ensure that all case managers or a representative from referring agencies are certified CANS users. CSA will also designate a FAPT member to complete CANS assessments on non-mandated cases. IFSPs will not be reviewed for approval without a completed CANS assessment.”
2. “IFSPs will not be accepted for review without the document being completed and including goals that reflect the need for services. The

- FAPT will review IFSPs and determine the appropriate services which will be added to the recommendation section of the plan.”
3. The CSA Coordinator will ensure that service expenses and service dates are included in the recommendation section of the IFSP.”

Condition 5:

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. A review of CSA pool fund financial reports indicated that there have been no parent co-pay collections since FY 2011. 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 (3) CPMT, Duties and Responsibilities
COV § 2.2-5208 (6) FAPT, Powers and Duties
CSA Manual Section 3.1.5 Duties and Responsibilities
CSA Manual Section 4.5.4 Sliding Fee Scale
Hopewell CSA Program Policy and Procedure Manual, Section VI.G, Parental Contribution to Cost of Services Provided

Recommendation:

The CPMT should ensure that the CSA Coordinator and/or the FAPT 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. Collection and reporting procedures should be established to ensure amounts received are recorded accurately and timely. Such documentation should be retained in the case file for the required records retention period.

Client Comments:

Concur. “Hopewell CSA will begin to utilize the Virginia State Median Income guides to assess parental co-pays. Parents/guardians will be required to complete a form that includes members of their households and all sources of income. If parental co-pay is determined, CSA will require the parent or guardian to sign a parental contribution agreement for monthly payments. Parental co-pay assessments and agreements will be maintained in client files.”

Observation 6:

Policies, procedures, and practices for contracting and purchasing of services authorized for funding by the Hopewell CPMT need strengthening to mitigate internal control weaknesses in maintaining segregation of duties, clear lines of authority and responsibility, ethics in contracting, and execution of transactions. Based upon the review of existing contracts and approved purchase orders, the following opportunities for improvement were observed:

- The CSA Coordinator is the authorized signatory for vendor contracts, purchase orders, and accounts payable/vendor invoice processing. The opportunity for a single individual to authorize contracts, purchases, and payment of CSA funded services reduces the effectiveness of internal controls to ensure that accountability and appropriate use of CSA pool funds are maintained.
- Existing vendor contracts do not include an “Ethics in Public Contracting” clause, particularly pertaining to prohibited acts by vendors and representatives of CSA, such as the solicitation acceptance, and/or exchange of donations, gifts, grants, etc.

Purchase orders were created and approved after services were initiated and invoices were received. Per discussions with Hopewell CSA and Finance staff, this method was adopted in order to manage accurate reporting of CSA financial position and encumbrances that were not aligned with actual fund balances due to Hopewell’s aging financial accounting system. A new system is due to be installed in the near future.

Criteria:

Hopewell CSA Program Policies and Procedures Manual, Section V. Fiscal Procedures
Agency Risk Management and Internal Control Standards, Control Activities; Issued by Virginia Department of Accounts
§ 2.2-4371. Prohibition on solicitation or acceptance of gifts; gifts by bidders, offerors, contractor or subcontractors prohibited.

Recommendation:

The CPMT should consider adding language to future contracts to address ethical contracting expectations, as well as, designating a representative of the CPMT, such as the CPMT Chair as the signatory for CSA contract agreements. The CSA Coordinator should work with the Hopewell Finance Office to refine the purchase process to ensure that purchase orders are created and approved prior to initiating services.

Client Comments:

No opinion at this time.

1. “Annual contracts will be signed by the CPMT Chair.”

2. "Hopewell's finance office is in the process of implementing a new accounting system that will generate purchase orders before services are rendered. Final purchase order approvals are signed by the Finance Director before vendors are reimbursed for services rendered."
3. "Hopewell CSA utilizes the vendor contract developed by the Office of Comprehensive Services. The contract did not include an "Ethics in Public Contracting" clause. Hopewell CSA will revise their contract for FY 2014-15 to include COV § 2.2-4371. Prohibition on solicitation or acceptance of gifts; gifts by bidders, offerors, contractor or subcontractors prohibited."

C) CPMT ADMINISTRATION

Condition 7: The Hopewell Community Policy and Management Team (Hopewell CMPT) has not coordinated and documented a formal long-range plan that includes an assessment of the current risks, strengths, and needs of the existing program, as well as measurable goals, objectives, and strategies for evaluating the effectiveness and accountability of the local CSA program. 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 planning, coordination, and program evaluation to ensure that the goals and objectives of the program are met may affect the integrity of the CPMT's governance activities, maximizing the use of state and community resources, and ultimately local efforts to better serve the needs of youth and families in the community.

Criteria: § 2.2-5206. CPMT, Powers and Duties
 CSA Manual 3.1.5 Duties and Responsibilities
 Toolkit Coordinated Long Range Planning
 Agency Risk Management and Internal Control Standards (Control Environment, Risk Assessment, Information and Communication, and Monitoring); Issued by Virginia Department of Accounts.
 Hopewell CSA Program Policies and Procedures Manual

Recommendation: The CPMT should develop procedures for documenting long-range planning. The process should include development of a formal risk assessment process and measurable criteria to be used for evaluating program accountability and effectiveness. The CPMT could initiate the discussion using the information collected in the development of the Annual Gap Survey.

Client Comments: Concur. “Hopewell CPMT has begun the process to develop a long range plan. CPMT is researching community needs and partnering with stakeholders to develop and implement the long range plan. CPMT will also utilize the Annual CSA Gaps Survey to address the needs of the community. After the plan is developed, CPMT will review the goals and objectives annually to determine if the plan continues to meet the needs of CSA and the community.”

Condition 8: Opportunities exist for the Hopewell CPMT to improve communication of the local CSA program’s philosophy, ethics, goals, objectives, policies, procedures and performance outcomes. There is little evidence to support how this information is disseminated to partnering agency representatives, youth, families and community stakeholders. Examples of the limited reach of information include:

- Hopewell’s CPMT has adopted a code of ethics, philosophy and quality assurances as reflected in the policies and procedures manual. While these attributes have been established, they have not been effectively communicated to all stakeholders (i.e. families, private providers, community partners, case managers, etc.) because of the limited dissemination of information to only CPMT and FAPT members.
- There is no formal continuing education program to ensure local CSA stakeholders are afforded awareness on the duties and responsibilities of CPMT, State requirements (e.g., legislative changes), and local policies and procedures governing CSA.
- CPMT meeting agendas do not reflect periodic reporting of aggregate data related to program performance outcomes. There was no evidence of consistent preparation and review of utilization management reports.

The broader dissemination of information to all CSA stakeholders promotes consistency in awareness and understanding regarding accessibility to services, and also demonstrates high standards for sound fiscal accountability and responsible use of taxpayer funds.

Criteria: COV § 2.2-5200 Intent and purpose; definitions, Items A.4 through A.6
CSA Manual Section 1, Items 4 through 6

Agency Risk Management and Internal Control Standards, Control Environment (Governance) and Control Activities (Competence and Monitoring); Issued by Virginia Department of Accounts

Recommendation:

The CPMT should implement a process to enhance communications with partner agencies, youth, families, and community stakeholders to promote the local CSA program and share information regarding the program's policies, procedures, philosophy, ethics, goals, performance, budgeting, etc. Suggested actions to be considered may include, but not limited to, the following:

- develop a website for ongoing dissemination of information to the public and community stakeholders, to include but not limited to demographic data (i.e. population served and annual expenditures by service placement type or costs per child).
- Include reporting of performance outcomes as a standing agenda item for CPMT meetings.
- Utilize surveys to solicit stakeholder feedback.
- Update existing Parent's Guide Brochure
- Periodically assess the training needs of CPMT, FAPT, and community stakeholders. Based upon assessment results, the CPMT should develop and implement a formal training agenda. At least annually, the CPMT should report on continuing education acquired/provided by CPMT and FAPT members as well as participation by community stakeholders (i.e. parent representatives, private providers, etc.).

Client Comment:

Concur.

1. "Hopewell CSA will revise the informational brochure to include the code of ethics and philosophy. The brochure will be made available to community partners and stakeholders."
2. "Hopewell CSA will provide on-going training and educational opportunities at least twice per year. CSA will also notify stakeholders of educational opportunities within the community."
3. "CPMT and FAPT members will be notified and educated on state legislative requirements and local policy changes that affect CSA. Notification of these changes will be documented in CPMT and FAPT minutes."
4. "CPMT will review annually aggregate data generated by the SAS system. This information will be provided in a formal management report that reviews the prior fiscal year."

CONCLUSION

Our audit concluded that there were material weaknesses in internal controls over the City of Hopewell CSA program, particularly in reference to governance and accountability of the \$6.5 million of allocated (state and local) funding. Conditions were identified pertaining to the administrative and fiscal practices of the locally administered program that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. An exit conference was conducted on September 10, 2013 to present the audit results to the City of Hopewell CPMT. Persons in attendance representing the City of Hopewell CPMT: Avon Miles, CPMT Chair (effective 7/1/2013)/Court Service Unit; Nancy Treanor, Past CPMT Chair/Hopewell Department of Social Services; Jerry Whitaker, CPMT Fiscal Agent/City of Hopewell, Finance Director; Tonya Pulliam, Private Provider Representative (Pulliam Innovative Consulting; and Jamillah Karriem, CSA Manager. Representing the Office of Comprehensive Services was Stephanie Bacote, Program Auditor. We would like to thank the City of Hopewell CPMT and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Ms. Susan Clare, Executive Director
Office of Comprehensive Services

Mr. Mark Haley, Interim City Manager
City of Hopewell

Mr. Nancy Treanor, CPMT Chair
Director, City of Hopewell Department of Social Services

Mr. Avon Miles, CPMT Chair (Effective 7/1/2013)

Mr. Jerry Whitaker, CPMT Fiscal Agent
Finance Director, City of Hopewell

Ms. Jamillah Karriem, CSA Manager