

***COMPREHENSIVE SERVICES ACT
PROGRAM AUDIT***

Pittsylvania County

Audit Report No. 11-2015

March 24, 2015



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EXECUTIVE SUMMARY

The Office of Comprehensive Services has completed the annual audit of the Pittsylvania County Comprehensive Services Act for At Risk Youth and Families (CSA) program. Our audit concluded that Pittsylvania County CSA Program has made significant improvement in program management since the 2010 audit conducted by the Auditor of Public Accounts. However, a major deficiency in internal controls¹ over operational activities still exists that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements as follows:

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 Office of Comprehensive Services appreciates the cooperation and assistance provided on behalf of the Pittsylvania County Community Policy and Management Team and other CSA staff. Formal responses from the Pittsylvania County Community Policy and Management Team to the reported audit observations are included in the body of the full report.


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¹ 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.

INTRODUCTION

The Office Comprehensive Services (OCS) has completed a financial/compliance audit of the Pittsylvania County's 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 March 20, 2015 and covered the period January 1, 2014 through December 31, 2014.

The objectives of the audit were to:

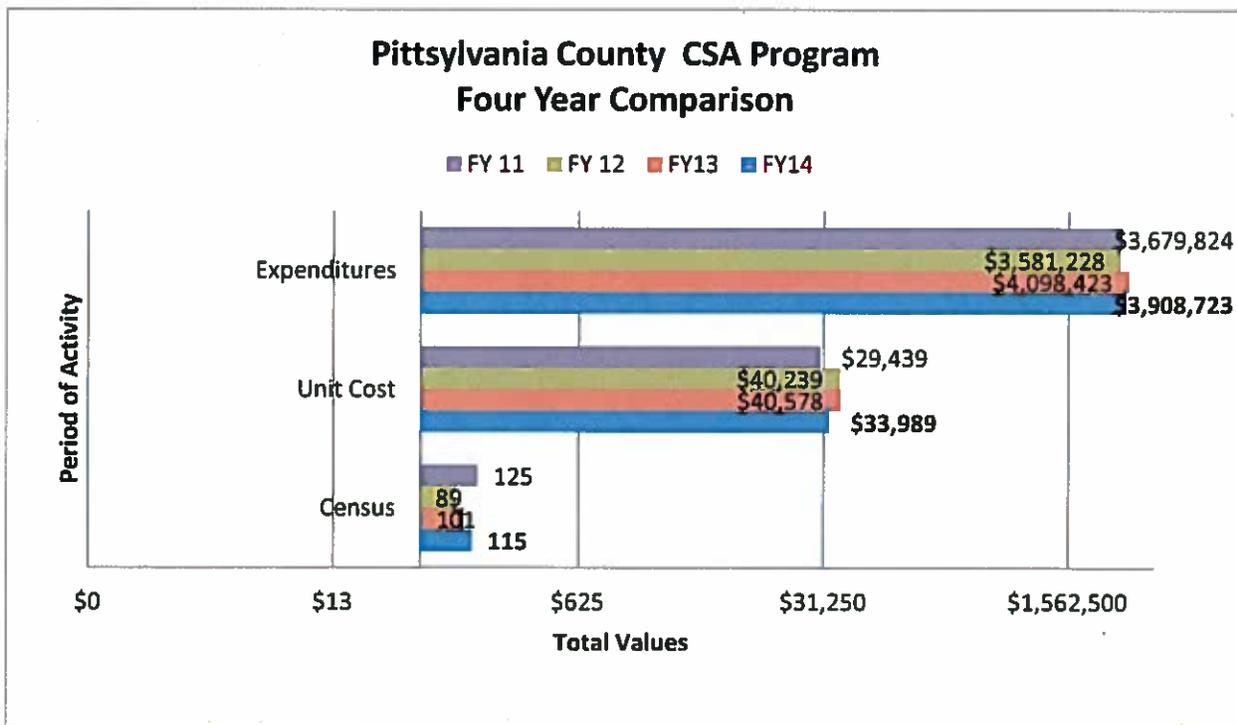
- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To assess whether operations 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.
- To determine satisfactory implementation of quality improvement plans adopted to address observations reported in prior audits performed by the Auditor of Public Accounts (November, 2010) and the Office of Comprehensive Services (June 2013 and June 2014)

The scope of our audit included all youth and their families who received CSA funded services during the audit period. Audit procedures performed included reviews of relevant laws, policies, procedure, and regulations; interviews with various CSA stakeholders; 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 \$269 million appropriated by the Virginia General Assembly and local governments to fund CSA, the initial allocation (state and local funds) for Pittsylvania County was \$2.46 million in Fiscal Year (FY) 2014 and \$2.00 million in FY 2015. The total reimbursed expenditures for the County of Pittsylvania in FY 2014 was \$3.91 million, which represents a 59% increase above the initial fiscal year 2014 funding allocations. Supplemental funding allocations totaling \$1.95 million were requested and granted to cover the increase in expenditures for “sum sufficient” services provided to eligible at-risk youth and families. CSA pool funds were used to provide services to approximately 115 youths in the Pittsylvania County community.

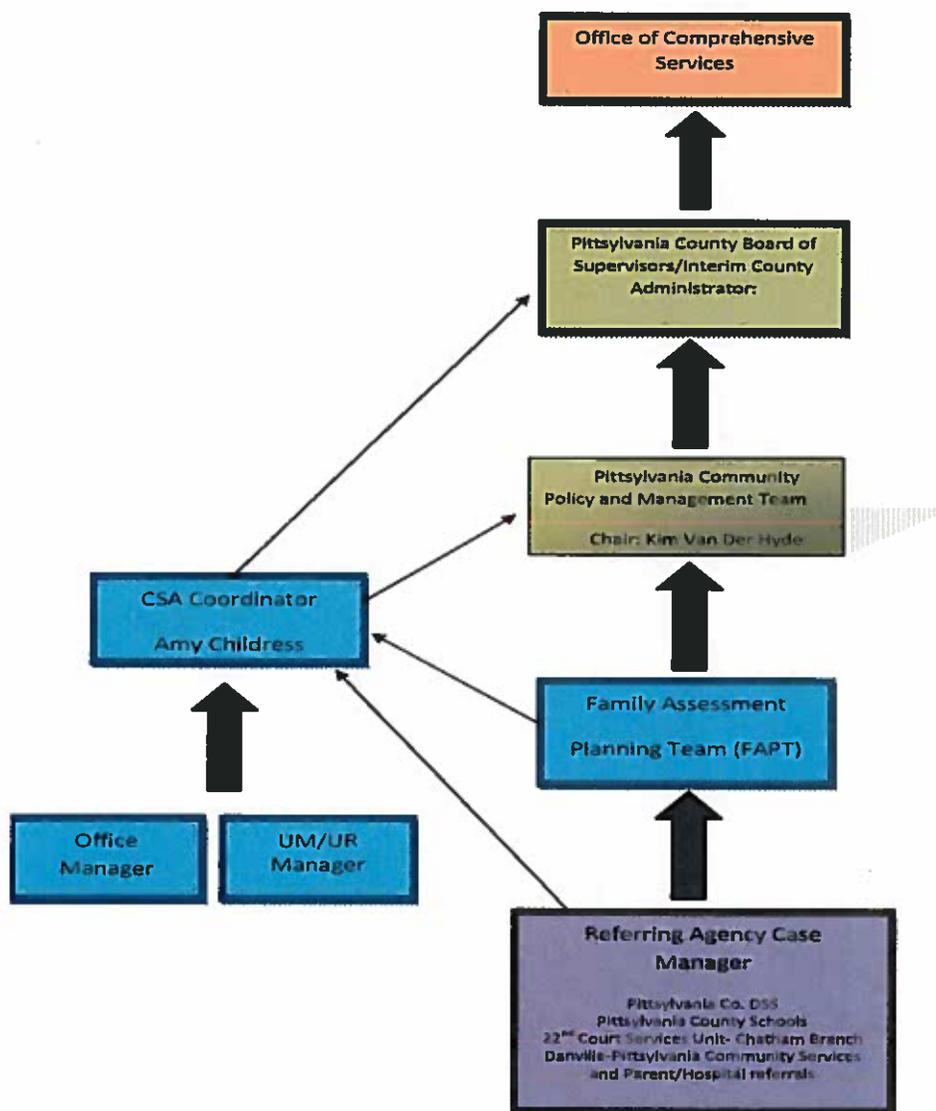
Pittsylvania County is situated in Virginia’s south-central Piedmont plateau region. The county encompasses 982 square miles, making it the largest county in the state. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Pittsylvania County has a population estimate of 63,545 as of July 1, 2014. CSA program expenditures, population, and unit costs (cost per child) have remained relatively stable over the past four fiscal years. Based on reported expenditures for fiscal year 2014, the estimated per capita cost of CSA in the Pittsylvania County is \$61.51. The charts below depict a comparison for fiscal years 2011 through 2015.



Source: CSA Website, Statewide Statistics, Pool Expenditure Reports (<http://www.csa.virginia.gov/publicstats/pool/localitybyyear.cfm>)

The state funds, combined with local community funds, are managed by local interagency teams, referred to as “Community Policy and Management Team (CPMT) who plan and oversee services to youth. The Pittsylvania County Community Policy and Management Team was established to comply with this statute. The CPMT is supported in this initiative by the Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services and through administrative support provided by the CSA Coordinator, Utilization Management/ Utilization Review Manager and an Office Manager. The local management structure for the Pittsylvania County CSA Program is as follows:

*Pittsylvania County
Comprehensive Services Act Program
Organizational Chart
FY 2014 - 2015*



OBSERVATIONS AND RECOMMENDATIONS

CPMT ADMINISTRATION

Observation: 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 auditor noted that the alternate for the Department of Health serving on the CPMT did not complete the Statements of Economic Interest Forms (SOEI) as required by CPMT approved By Laws and the Code of Virginia § 2.2-5205. According to Pittsylvania CPMT By-Laws adopted March 28, 2013, "Any person, board member or alternate, serving on the Team shall file a statement of economic interest. As set out in Code Section § 2.2-3115 Disclosure by local government officers and employees — disclosure occurs when the individual assumes the office or employment and then annually on or before January 15."

The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are significantly reduced, based on the increased possibility that interest were not appropriately disclosed by required parties.

Criteria: COV Sections: [§ 2.2-3100](#); [§ 2.2-3101](#); [§ 2.2-3117](#); [§ 2.2-5205](#); [COV § 2.2-5207](#); [§ 2.23115](#); Corrective Action and Quality Improvement Plan Agreement Between Pittsylvania-Danville Community Policy and Management Board and Virginia Office of Comprehensive Services, DOA Agency Risk Management and Internal Control Standards, Control Activities

Recommendation: The CPMT for the Pittsylvania County should ensure that the Statement of Economic Interests Form is completed by all members serving on their CPMT and FAPT teams as required by Code of Virginia 2.2-5205 and their local CPMT By-laws and the Code of Virginia 2.2-3115. Effective July 1, 2014, filing requirement of the Virginia Conflict of Interest Act was revised. Specifics of the changes are noted in Code of Virginia 2.2-3115.

Client Comments: Concur.

CONCLUSION

Our audit concluded that a major deficiency¹ in internal controls and compliance over operational and fiscal activities still exists 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 March 9, 2015 to present the audit results to the Pittsylvania County CPMT. Persons in attendance representing Pittsylvania CPMT Ann Cassada, Assistant Superintendent for Support Services, Pittsylvania County Schools/CPMT Chair; Amy Childress, CSA Coordinator and Katie Hogan, Utilization Management/Utilization Review Manager. Representing the Office of Comprehensive Services was: Stephanie Bacote, Program Audit Manager, Annette Larkin, Program Auditor, and Chloe Cater, Program Compliance Specialist.

We would like to thank the Pittsylvania County Community Policy and Management Team and related CSA staff for their cooperation and assistance on this audit.

¹ 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.

REPORT DISTRIBUTION

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Clarence C. Monday, Pittsylvania County Administrator
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