

***COMPREHENSIVE SERVICES ACT  
PROGRAM AUDIT***

***Shenandoah County***

***Audit Report No. 02-2014***

**December 12, 2013**



**Office of  
Comprehensive  
Services**

Empowering communities to serve youth

# TABLE OF CONTENTS

## *Executive Summary*

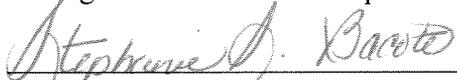
<i>Introduction</i> .....	<i>1</i>
<i>Background</i> .....	<i>2 - 3</i>
<i>Observations and Recommendations</i>	
<i>A) CPMT Administration</i> .....	<i>4 - 6</i>
<i>(Community Policy and Management Team)</i>	
<i>B) Program Activities</i> .....	<i>7 - 8</i>
<i>C) Fiscal Activities</i> .....	<i>9 - 10</i>
<i>Conclusion</i> .....	<i>11</i>
<i>Report Distribution</i> .....	<i>12</i>

## EXECUTIVE SUMMARY

The Office of Comprehensive Services has completed an audit of the Shenandoah County Comprehensive Services Act for At Risk Youth and Families program. Our audit concluded that there were material weaknesses in internal controls<sup>i</sup>, particularly in reference to governance and accountability of the \$2.32 million combined allocation for both localities of (state and local) funding. Conditions were identified that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. The following significant issues were identified:

- The CPMT has not documented a formal plan to substantiate coordination of long-range planning that includes an assessment of the current risks, strengths and needs of the existing system, as well as establishing and documenting measurable criteria for evaluating the effectiveness of the local CSA program.
- Written policies and procedures were not established and/ or adopted by the Shenandoah CPMT prior to January 2013. The current policies and procedures are not consistent with established state CSA requirements, and/or best practices which direct the CPMT to ensure that procedures are established to govern local CSA programs.
- Information and data security practices and procedures pertaining to CSA client records and data have not been consistently applied to ensure that sensitive and confidential information maintained is adequately secured from unauthorized access and/or alteration.
- Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with local and state CSA policies and procedures were not met. Fiscal records reviewed indicated instances of procedural non-compliance and internal control weaknesses in reviews, approvals/authorizations, and documentation.

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



Stephanie S. Bacote, CIGA  
Program Auditor



Annette E. Larkin, MBA  
Program Auditor

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<sup>i</sup> Material weaknesses in internal controls is defined by Statement of Auditing Standards No. 117 issued by the American Institute of Certified Public Accountants as "a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis." The CSA Program audit is not an audit of financial statement, therefore; an opinion on management assertions presented in the locality Comprehensive Annual Financial Report is not being rendered.

## INTRODUCTION

The Office Comprehensive Services has completed a financial/compliance audit of the City of Shenandoah County 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 December 10, 2013 and covered the period August 1, 2012 through July 31, 2013.

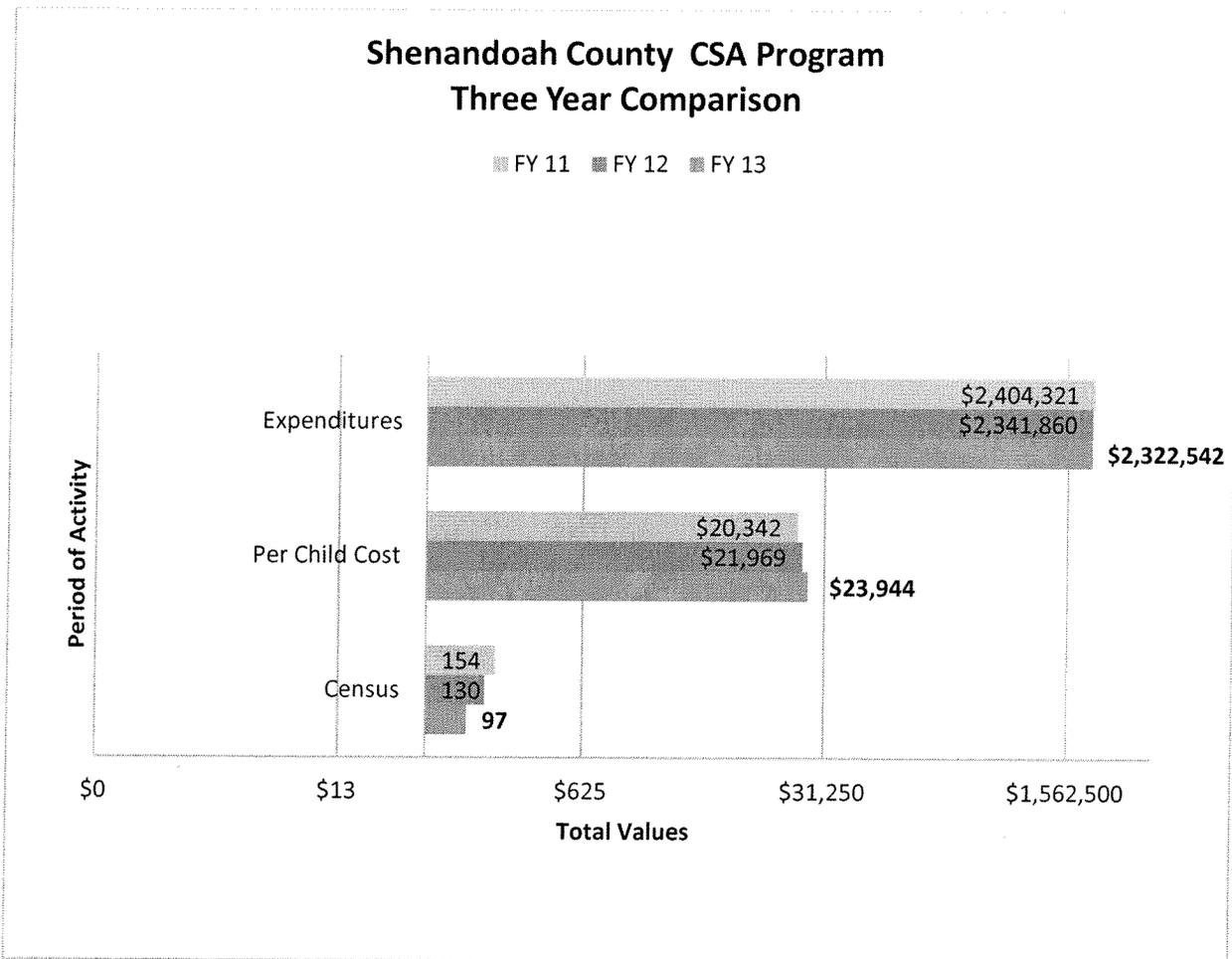
The objectives of the audit were to:

- 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 the local CSA program.
- To assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating the 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 year 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

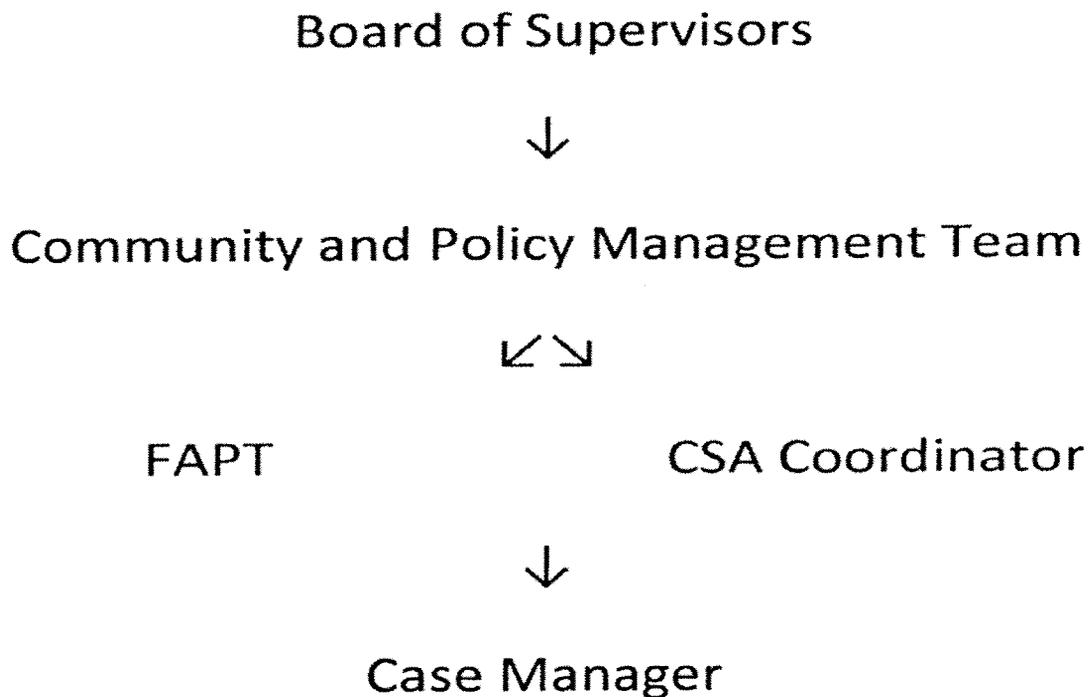
The Comprehensive Services Act for At-Risk Youth and Families (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. Of the approximate \$300 million appropriated by the Virginia General Assembly and local governments to fund CSA, the total combined state and local allocation for the Shenandoah County was \$2.32 million for fiscal year 2013. The \$2.32 million was used to provide services to approximately 97 youths. Based on reported figures for fiscal year 2012, the average per capita cost for CSA in the City of Shenandoah County is \$55. The total reimbursed cost for the Shenandoah County in FY 13 was \$2.32 million which is a 1% decrease in expenditures compared to FY 12. This collates with 25% decreases in the number of youth served between FY 12 and FY 13. The decreased in the number of youth served resulted in an increase in unit cost per child of 9% in FY 13. The charts below depict a comparison for fiscal years 2011 through 2013 for Shenandoah County.



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 the “Community Policy and Management Team (CPMT) which plans and oversees services to youth. The Shenandoah County (CPMT) was established to comply with this statute. The CPMT is supported in this initiative administratively by a CSA Coordinator and one Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to at risk children and families. The local management structure for the City of Shenandoah County CPMT is as follows:

## Shenandoah County Organizational Chart



## OBSERVATIONS AND RECOMMENDATIONS

### A) CPMT ADMINISTRATION

Observation 1: The CPMT has not documented a formal plan to substantiate coordination of long-range planning that includes an assessment of the current risks, strengths and needs of the existing system, as well as establishing and documenting measurable criteria for evaluating the effectiveness 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 ultimately impacts the CPMT efforts to better serve the needs of youth and families in the community and to maximize the use of state and community resources.

Criteria: COV § 2.2-5206, Items 4, 6, and 13, CSA Manual 3.1.5 Duties and Responsibilities, Toolkit Coordinated Long Range Planning  
DOA Agency Risk Management and Internal Control Standards, Control Environment

Client Comments: Concur - Shenandoah County currently does long-range planning, but it is not documented in a formal plan. This will be initiated in our retreat on December 5, 2013.

Observation 2: Written policies and procedures were not established and/ or adopted by the Shenandoah County CPMT prior to January 2013. The current policies and procedures are not consistent with established state CSA requirements, and/or best practices which direct the CPMT to ensure that procedures are established to govern local CSA programs. A review of Shenandoah County CPMT policies and procedures noted the following criteria were not met:

- The CPMT has not developed and incorporated policies for providing intensive care coordination services for children who are at risk of entering or are placed in residential care through the CSA program in accordance with the criteria established by Code of Virginia Section 2.2-5206 item 17. It is to be noted that Shenandoah has been working on the ICC policy as evident in the CPMT Board minutes.
- Further, procedures regarding the collection of data for students with disabilities receiving congregate care education services or private day education services have not been documented as required by the joint

memorandum issued October 29, 2010 by the Department of Education (DOE) and the Office of Comprehensive Services (OCS).

- The CPMT has not formally established quality assurance and accountability policies and procedures for program utilization and funds management. It is the CPMT practice to review FAPT reports during their CPMT meeting which is evident in their board minutes. It is to be noted that Shenandoah has evaluated the effectiveness of its providers through the completion of a provider survey completed by case managers. The survey results yielded the discontinuance of uses for several service providers. However, program oversight by the Shenandoah CPMT has not included review and/or assessment of specific reports that summarize in aggregate program outcomes to demonstrate accomplishment of local program goals and objectives and effectiveness of the services provided correlated with the funds expended.
- The CPMT By-Laws are out dated and do not reflect the current practice of the Shenandoah CSA program.
- Written fiscal policies and procedures have not been formally documented regarding contracting for services, budgeting, monitoring of expenditures and reconciliation of CSA fund balance and associated expenditures. It is the practice of the CSA Coordinator to provide monthly expenditure reports and pool fund reports to the CPMT during the board meeting.
- The CPMT has not adopted a formal records retention and destruction policy. It is the practice of the CSA coordinator to destroy records three years after the close of cases.

Criteria:

COV § 2.2-5206, Item 17. CSA Policy Manual 3.1.5 Duties and Responsibilities OCS/DOE Joint Memorandum Issued October 29, 2010: Reporting of Student Testing Identifier to CPMT for IEP Placements in Private Programs CSA Policy Manual Section 8.1 Utilization Management, CSA Policy Manual Section 8.2 Intensive Care Coordination, DOA Agency Risk Management and Internal Control Standards, Control Activities Library of Virginia Records Retention and Disposition Schedule General Schedule #15

Recommendation: The Shenandoah CPMT should continue its efforts in updating its policy and procedure manual and incorporate the policy that has not been addressed in the manual (as noted above) to ensure compliance with CSA requirements and best practices.

Client Comments: Concur

Observation 3: Opportunities exist for the CPMT to improve communication of the local CSA program's philosophy, ethics, goals, objectives, policies and procedures and performance outcomes achieved by Shenandoah CSA Program. While some members of CPMT and FAPT that have been a part of the CSA program for an extended period of time understand the philosophy and goals of the CSA program, new members are not well informed. There is no formal education program to orient new team members, community partners, and families to ensure that they are aware of the responsibilities of the CPMT, state requirements, local CSA policies and procedures and performance outcomes of the program. This information should be shared with new team members, community stakeholders and families to create greater awareness and understanding regarding accessibility to services, and also to demonstrate high standards for sound fiscal accountability and responsible use of taxpayer funds.

Criteria: COV § 2.2-5200 Intent and purpose; definition, Items A4 through A6  
COV § 2.2-5206 Community policy and management teams; powers and duties CSA Manual Section 1, Items 4 through 6  
CSA Manual Section 3.1.5.c, Toolkit Family Engagement Policy adopted by SEC DOA Agency Risk Management and Internal Control Standards, Control Environment (Governance) and Control Activities (Monitoring)

Recommendation: The Shenandoah CPMT should implement a process to enhance communication with partnering agencies, families, and community stakeholders to promote the local CSA program and share information on accessing services, philosophy, ethics, goals, performance, etc. Actions to be considered that could be instituted immediately, if adopted, would include: (1) adopting the code of ethics established by the local governing body with reference made in the CPMT by-laws and or policies and procedures, (2) creating a webpage communicating program outcomes, (3) developing brochures/newsletters that can be placed in the FAPT waiting room on days when FAPT meetings are scheduled. The same brochure/newsletter can be distributed to participating agencies for dissemination when referring families to FAPT for services, (4) conducting periodic assessment of the training needs of its team members, based on the results develop a training curriculum for all stakeholders.

Client Comments: Concur

**B) PROGRAM ACTIVITIES**

Observation 4: Information and data security practices and procedures pertaining to CSA client records and data have not been consistently applied to ensure that sensitive and confidential information maintained is adequately secured from unauthorized access and/or alteration.

- Twelve instances were identified where access to the CANVaS system was not deactivated when changes in employees' job responsibilities or separation from agency had occurred. Per the policies and procedures for access to CANVaS when an employee leaves his/her position, supervisors must contact the Help Desk directly or the Designated Super User/Report Administrator for the locality to deactivate a user's account. Leaving accounts open could potentially jeopardize the confidentiality of the information that has been entered.
- Four case managers were identified to have expired/gaps in their CANS certification. The policies and procedures for access to CANVaS states that certification on the use of CANS must be renewed annually. The CANVaS system is designed so that users whose CANS certification has expired will not be permitted to complete an assessment. In addition, the system provides users with 90, 60 and 30 day notification prior to the expiration of users' certification.

Criteria: COV § 2.2-2648.D.13; CSA Manual 3.1.6 Confidentiality; 3.2.8, Confidentiality; Policies and Procedures for Access to CANVaS

Recommendation: The Shenandoah County CPMT should assign the CSA Coordinator or a designee to periodically review individuals with access to automated applications and ensure security requirements are met, active and inactive users are identified, and accounts are removed in a timely manner. Moreover, the CSA Coordinator or designee should monitor CANS certification to ensure case managers are current using the Locality Staff Certification Expiration List Report in the CANVaS system.

Client Comments: Concur

Observation 5: Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Ten cases files were examined to confirm that required documentation was maintained in support of and validate FAPT referrals and CPMT funding approval. The

results of the examination identified opportunities for improvement as follows:

- Individual and Family Service Plans (IFSPs) are not always developed according to the Code of Virginia requirements and the local practice, which establish as documentation criteria: (1) identification of measurable short and long term goals and objectives, (2) time frames for achieving stated goals, (3) progress toward meeting goals and objectives, and (4) discharge planning.
- Goals and objectives listed on the IFSP were not always updated to support services requested. The FAPT team is checking the “*refer to initial IFSP*” box under the goals, outcomes, strategies, vendors, service dates and transitional discharge plan selection of the IFSP. In one case examined the initial goal was to return the child home; however, the current IFSP case notes references the foster parent finalizing adoption paperwork.
- In two of the ten cases examined needs were identified for the parent and/or client but services and/or supports were not recommended to address the needs. There was no evidence in the case file documenting parent or client declined services.

Criteria:

Code of Virginia Section 2.2-5209 (<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+2.2 5209>)  
CSA Manual 3.2.5. FAPT Duties and Responsibilities  
CSA Manual 8.1 and Toolkit “Utilization Management”

Recommendation:

The CPMT should ensure that all required elements of the IFSP are properly documented and updated to support recommended services. Short and long-term goals and objectives should be measurable with stated timeframes for achieving stated goals. In addition, the FAPT team should recommend services or natural supports to address needs identified for the family and/or client.

Client Comments:

Concur

## C) FISCAL ACTIVITIES

### Observation 6:

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with local and state CSA policies and procedures were not met. Fiscal records reviewed indicated instances of procedural non-compliance and internal control weaknesses in reviews, approvals/authorizations, and documentation. Examples of the non-compliance and internal control weaknesses identified are below:

- An improper payment of \$450.00 was identified in the August 1, 2012 IV-E review report for clothing. The auditor inquired of the IV-E consultant regarding the rationale for the disallowed cost for IV-E reimbursement and was told that Shenandoah could not provide sufficient documentation to support the expenditure. In the report Shenandoah corrective action was to reimburse IV-E with CSA funds; however, CSA funds cannot be used when sufficient documentation is not evident to support the expenditures.
- Shenandoah sought reimbursement for a walker and stroller for a foster care child. VDSS Foster Care policy defines maintenance as “payments made on behalf of a child in foster care to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, and reasonable travel for the child to visit with family or other caretakers and to remain in his or her previous school placement.” Personal incidentals are defined as “those costs associated with the personal care of a child such as (but not limited to) items related to personal hygiene, cosmetics, over the counter medications and special dietary foods; infant and toddler supplies, including high chairs and diapers; and occasional fees related to recreational activities.” Based on the above definitions a walker and a stroller would be covered under maintenance and should not be billed separately. In this case, the therapeutic foster care agency received a maintenance and an enhance maintenance payment. Total questioned cost \$27.30.
- Six purchase orders (PO) were identified that were not signed by the fiscal agent according to local practices. Six of the five PO identified did not have an authorized provider/vendor signature on the PO as well. Since Shenandoah does not have official contracts with its

service providers it is imperative to obtain the authorized vendor signatures on the PO since it serves as the contract between the CSA office and the vendor.

Criteria: VDSS Foster Care *Manual sections Funding Maintenance Cost* 17.1.1, *General Guidance Regarding Maintenance Payments* 17.1.4 and § 2.2-5206. Community Policy and Management Teams; powers and duties. CSA Manual section 3.1.5 Duties and Responsibilities

Recommendation: Shenandoah CPMT should ensure that current fiscal practices and policies comply with statutory requirements regarding allowable costs and authorization of expenditures prior to accessing CSA pool fund. Moreover, the CPMT should ensure that local policies and established fiscal practices are being adhered to in regards to the fiscal agent and the provider signing the PO prior to payment.

Client Comments: Concur

Observation 8: A formal process has not been established to evidence the reconciliation of CSA reported balances and the locality's reported general ledger account balances. The current practice in place is limited to the tracing of monthly expenditures and receipts from the Bright system, the locality's general ledger, to Thomas Brothers system used by Shenandoah CSA office. However, when the auditor requested a formal reconciliation Shenandoah staff could not produce it, nor could they readily communicate the total year-to-date expenditures. The Bright general ledger year-to-date expenditure report did not agree to the Thomas Brothers' report or the pool fund reimbursement report. The auditor was provided a reconciliation completed by the locality's external auditors. Standard industry best practices dictate cash receipts, appropriation, expenditures and fund balance reconciliations are formally reconciled at least monthly. Monthly reconciliations further enhance the reliability of information pertaining to the availability of pool funds and the financial position of the CSA program that is used for management decision making.

Criteria: CSA Policy Manual Section 4.5.8 Fund Audit and Toolkit  
COV DOA Agency Risk Management and Internal Control Standards, Control Activities

Recommendation: The CPMT should ensure that a process is established for fully reconciling the CSA balances, to include appropriations, expenditures, revenues, and cash (where applicable) with local government general ledger accounts.

Client Comments: Concur

## CONCLUSION

Our audit concluded that there were material weaknesses in internal controls<sup>ii</sup> over the Shenandoah County's CSA program, particularly in reference to governance and accountability of the \$2.32 million of allocated (state and local) funding. Conditions were identified pertaining to the current management structure, operating, 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 November 25, 2013 to present the audit results to the Shenandoah County CPMT. Persons in attendance representing the Shenandoah CPMT were Mary Beth Price County Administrator, Marc Jaccard, CPMT Chair, Lara O'Conner, Fiscal Agent and Janet Snoot, CSA Coordinator. Representing the Office of Comprehensive Services was: Annette Larkin, Program Auditor and Stephanie Bacote, Program Auditor.

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

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<sup>ii</sup> Material weaknesses in internal controls is defined by Statement of Auditing Standards No. 117 issued by the American institute of Certified Public Accountants as "a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis." The CSA Program audit is not an audit of financial statement, therefore; an opinion on management assertions presented in the locality Comprehensive Annual Financial Report is not being rendered.

## **REPORT DISTRIBUTION**

Ms. Susan Clare, Executive Director  
Office of Comprehensive Services

Mary T. Price, Shenandoah County  
County Administrator

Marc Jaccard, CPMT Chair

Lara O'Connor, Fiscal Agent  
Shenandoah Department of Social Services

Janet Snoot, CSA Coordinator