

***CHILDREN'S SERVICES ACT
PROGRAM AUDIT***

***Highlands Interagency Consortium
(City of Bristol and Washington County)
Self-Assessment Validation***

Audit Report No. 38-2020

May 25, 2021



Office of Children's Services
Empowering communities to serve youth

Report Disclaimer

Due to the COVID-19 pandemic, onsite visits to validate management's conclusions have been suspended until further notice. In lieu of onsite visits, self-assessment validation activities were conducted remotely.



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

OFFICE OF CHILDREN'S SERVICES
Administering the Children's Services Act

May 25, 2021

Ms. Connie Phillips, CPMT Chair
Washington County Public School System
821 Thompson Drive
Abingdon, Virginia 24210

RE: Bristol/Washington CSA Program Self-Assessment Validation
Report File No. 38-2020

Dear Ms. Phillips:

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Year (FY) 2020, the Bristol/Washington Community Policy and Management Team (CPMT), also referred to as the Highlands Interagency Consortium (HIC), has completed and submitted the results of the self-assessment audit of the local Children's Service Act (CSA) Program. Based on the review and examination of the self-assessment workbook and supporting documentation provided by the Bristol/Washington CSA program completed May 24, 2020 and covering the period May 1, 2019 through April 30, 2020, our independent validation of CPMT governance activities:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the Bristol/Washington CPMT that no significant observations of non-compliance or internal control weaknesses were found in the design or operation of the processes or services conducted on behalf of the Bristol/Washington CSA Program. The explanations for our assessment results are as follows:

The Highlands Interagency Consortium concluded that there were no significant compliance and/or internal control weakness observations noted. A summary of non-compliance and/or internal control weaknesses reported by the CPMT are included as Attachment A to this report. However, validation procedures identified major deficiencies¹ indicating non-compliance in the local CSA program as well internal control weaknesses not identified by the CPMT. Non-compliance with the statutory requirements of CSA is considered significant, because the local program is not operating fully in accordance with the laws of the Commonwealth. An adequate system of internal controls is contingent upon consistent and proper application of established policies and procedures affecting CSA funded activities, as well as monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure are considered significant. Specifics are detailed on pages 2-7.

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.

SIGNIFICANT NON-COMPLIANCE OBSERVATIONS

1. During the period of review, expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State and local CSA policies and procedures were not met. Expenditures met the definition of foster care maintenance that were eligible for an alternate funding source (Title IV-E), included in the monthly maintenance rate, and/or exceeded the allowable maintenance rate established by the Virginia Department of Social Services (VDSS) foster care policies. Exceptions were noted in four (4) out of the eleven (11) client case files (36%) reviewed to validate compliance. Table A details the specific non-compliance exceptions and summarizes the total questioned costs of \$366.50 (state share).

Table A Client File Review Exception - Fiscal Impact						
Rate	Description/Exception Code					
2 Cases	1. Eligible for other funding source (Title IV-E). (COV, § 2.2-5211)					
3 Cases	2. Expenditures covered under definition of maintenance (VDS Foster Care Manual, Section 18.1.1); included in the monthly maintenance payment.					
1 Case	3. Exceeds reimbursable maintenance rate (VDSS Foster Care Manual, Section 18.1.3); not included in an IFSP and recommended for funding by FAPT.					
Code	Locality	Service Description	Client	Period	Total Cost	State Share
1 and 2	Bristol	Meals	B1	11/01/19 - 01/31/20	\$39.50	\$26.93
	Washington	Meals	W1	07/01/19 - 02/29/20	\$116.72	\$84.51
2	Washington	School Supplies, Meals	W2	09/01/19 - 02/29/20	\$53.18	\$38.50
3	Washington	Clothing	W3	05/01/19 - 12/31/19	\$299.11	\$216.56
Total					\$508.51	\$366.50

2. Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset costs incurred for CSA pool funded services. In accordance with COV [§ 2.2-5206](#), [§ 2.2-5208](#) and local policy, the Highlands Interagency Consortium/CPMT shall require a parental contribution assessment for services funded by CSA. Zero (0) collections were reported in FY 19-20 as parental copay or support through the Division of Child Support Enforcement (DSCE) as highlighted in Table B below. Under these conditions, the opportunity lost for collection of additional funds is significant and could materially affect the local program's ability to increase funding availability for services required to meet the needs of the community.

Table B Local Expenditure Data Reporting System (LEDRS) Refund Reports for FY 2019-2020 https://www.csa.virginia.gov/OCSPoolReports/PoolReports/RefundReport								
FY	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
20	Washington	\$2,452.03	\$0.00	\$27,283.40	\$0.00	\$4,012.44	\$0.00	\$33,747.87
19	Washington	\$323.05	\$0.00	\$5,184.55	\$0.00	\$12,489.60	\$0.00	\$17,997.20
20	Bristol	\$0.00	\$0.00	\$24,548.00	\$0.00	\$190.89	\$0.00	\$24,738.89
19	Bristol	\$259.99	\$0.00	\$36,387.04	\$0.00	\$255.71	\$0.00	\$26,902.74

SIGNIFICANT NON-COMPLIANCE OBSERVATIONS CONTINUED

3. The CPMT minutes document review of CSA pool fund allocations and net expenditures for both localities. However, CPMT monthly meeting minutes and accompanying reports did not evidence utilization management/utilization review (UM/UR) activities to include actions performed in accordance with COV [§ 2.2-5206](#) item 13 as follows:
 - A. "review local and statewide data to include data provided in the management reports on the number of children served, children placed out of state, demographics, duration of services, child and family outcomes, and performance measures"
 - B. "track the utilization and performance of residential placements using data and management reports to develop and implement strategies for returning children placed outside of the Commonwealth, preventing placements, and reducing lengths of stay in residential programs for children who can appropriately and effectively be served in their home, relative's homes, family-like setting, or their community."
4. Members of the CPMT and FAPT did not complete the statement of economic interest (SOEI) form as required by (COV) [§ 2.2-5205](#) or [§ 2.2-5207](#). The applicable members included public and non-public officials. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are reduced based on the increased opportunity for a single individual to not disclose personal interest.

RECOMMENDATIONS

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding or other appropriate funding source. Adequate documentation, such as consideration of other funding streams, should be maintained as justification for CPMT funding decisions.
2. The CPMT should submit a quality improvement plan, for review by the OCS Finance Office, including whether the CPMT agrees with the observations regarding questioned costs. Upon review and recommendations presented by OCS Finance staff, the CPMT will be notified of the final determination made by the Executive Director based on SEC approved policy 4.7 Response to Audit Findings of whether the identified actions are acceptable or any additional actions that may be required.
3. The CPMT should conduct an immediate review of refunds for the current fiscal year to ensure parental copay and child support collections are accurately reported and/or recorded in the correct refund category.
4. The CPMT should immediately initiate and going forward periodically review OCS financial and performance reports depicting local and statewide data as required by CSA statute to demonstrate compliance. Tools to effect a continuous quality improvement process (i.e. utilization management) are available on the CSA website and listed below for your convenience.
 - [COI Dashboard](#)
 - [COI Dashboard Instructions Manual](#)
 - [COI Dashboard Codes](#)
 - [COI Documentation Template with Instructions \(Download\)](#)
 - [COI Terms and Definition](#)
 - [COI Training](#)

RECOMMENDATIONS CONTINUED

5. The CPMT should ensure all parties that are not required to complete Statement of Economic Interest forms pursuant to COV [§ 2.2-5205](#) and COV [§ 2.2-5207](#) do so immediately. Thereafter, applicable members of CPMT and FAPT should ensure SOEI forms are completed immediately upon appointment. Filings should be maintained in accordance with the OCS [Administrative Memo 18-02](#) dated January 16, 2018.

CLIENT COMMENTS

1. The CPMT concurs with the recommendation. The CPMT will ensure that proposed expenditures meet the criteria for CSA funding and other appropriate funding sources.
2. The CPMT concurs with the findings; therefore, the CPMT will submit quality improvement plans for review by the OCS Finance office with observations regarding questioned cost.
3. The CPMT concurs with the recommendation. The CPMT will review and revise as necessary Section 3.8.1 of the Highlands Interagency Consortium local policy manual regarding collection of parental copayments.
4. The CPMT concurs with the recommendation. The CPMT minutes will reflect the team efforts to continuously make quality improvements through utilization management. Data will be obtained through various sources not limited to OCS data.
5. The CPMT concurs with the recommendation. Statement of Economic Interest will be maintained in accordance with the OCS Administrative Memo 18-02 dated January 16, 2018.

SIGNIFICANT INTERNAL CONTROL WEAKNESSES

5. The existing CSA policies and procedures (last revised 10/09/13) are not consistent with established state CSA requirements, and/or best practices, to govern local CSA programs. A review of the Highlands Interagency Consortium/CPMT policies and procedures noted the following opportunities for improvement:
 - A. CPM Team Approval of Individual and Family Services Plans, Section 3.4.1, suggest that the CPMT has given FAPT blank authorization to approve funding of services that do not exceed a cost per month ceiling without review by CPMT. In addition, a dollar amount has not been specifically defined/written in the current policy manual. COV [§ 2.2-5206](#) and [§ 2.2-5208](#), direct that services should be recommended by FAPT and funding authorized by CPMT prior to CPMT authorization of services, inherently establishing a separation of duties control for management oversight. The local policy essentially undermines the control as intended by statute.
 - B. Emergency Access to Pool Funds/CPMT Team Approval, Section 3.4.5, suggest that FAPT referral is not required where respite services is less than twelve (12) days. Respite services are not considered foster care maintenance and thus requires FAPT assessment. [VDSS.E. Foster Care, Funding Maintenance Cost 18.11]. COV [§ 2.2-5209](#) direct that all treatment services should be recommended by FAPT, prior to CPMT authorization of services, except for emergency placements that must be referred and assessed by FAPT within 14 days of placement.

SIGNIFICANT INTERNAL CONTROL WEAKNESSES CONTINUED

Policies are necessary to facilitate and communicate the CPMT's expectations in implementing CSA. In addition, the policies document the operational controls the CPMT has adopted to ensure the program is administered in accordance with state and local requirements and that stated objectives are achieved.

- Expenditures incurred for CSA funded services were not always properly recorded in the correct expenditure category and service placement type pursuant to CSA Policy Section 4.5.2. The indicated errors lessen the reliability and integrity of data used in CSA Pool Expenditure Reports and CSA Utilization Reports. Financial reporting errors were noted as follows: (See Tables C1 and C2)

Table C1 – Financial Reporting Errors – Expense Category
 COV [§ 2.2-5206](#) and [§ 2.2-5208](#)

Client	Incorrect Expense Category	Match Rate	Correct Expense Category	Match Rate	Variance			
					Total Expense	Differential	Net Fiscal Impact	Service Name
C	FC-RCC	\$0.3183	FC-IVE RCC	\$0.3183	\$1,860.00	\$0.00	\$0.00	SRHS

FC-RCC- Foster Care Residential Congregate Care; FC-IVE RCC- Foster Care Title IVE children in Licensed Residential Congregate Care; SRHS- Sponsored Residential Home Services.

Table C2 - Financial Reporting Error – Service Name Description

Client	Total Expense	Incorrect Service Name Code	Correct Expense	Correct Service Name Code	Period
I	\$7,974.00	#28. Priv. Res. School	\$5,340.00	#29 Residential Education	05/01/19 – 05/31/19
			\$2,139.00	#30 Residential Room/Board	
			\$495.00	#33 Residential Sup. Therapies	
	\$7,165.00	#28. Priv. Res. School	\$4,806.00	#29 Residential Education	06/01/19 – 06/26/19
			\$1,794.00	#30 Residential Room/Board	
			\$565.00	#33 Residential Sup. Therapies	

RECOMMENDATIONS

- The CPMT should immediately review and revise existing local policies to ensure policies and procedures are consistent with relevant State statutes, policies adopted by the State Executive Council for Children's Services, and established guidance for the CSA and/or best practices to govern local CSA Programs. Periodic policy reviews should be enacted thereafter.
- The CSA Office and Fiscal Agent should establish quality assurance and accountability procedures to ensure fiscal transactions are accurately reported in the appropriate expenditure and service name categories, and the correct unit price and match rates are applied. Errors in current fiscal year reporting should be immediately corrected.

CLIENT COMMENTS

1. The CPMT concurs with the recommendation. The CPMT will review and revise as necessary Section 3.4.1 of the Highlands Interagency Consortium local policy manual to remove the language giving FAPT a blank authorization to approve funding of services.
2. The CPMT concurs with the recommendation. The CPMT will review and revise as necessary Section 3.4.5 of the Highlands Interagency Consortium local policy manual to remove the language regarding emergency respite placement as it is not allowable as written.
3. Review and revision of the local policies will be conducted periodically and adopted by the CPMT.
4. The CPMT concurs with the recommendation. The CSA Office and Fiscal Agent will ensure that expenditures are properly categorized and reported to OCS.

The Office of Children's Services respectfully requests that you submit a quality improvement plan to address the observations outlined in this report no later than thirty (30) days from receipt of this report. In addition, we respectfully ask that you notify this office as quality improvement tasks identified to address significant observations are completed. OCS will conduct a follow up validation to ensure the quality improvements have been implemented as reported.

We would like to thank the Highlands Interagency Consortium/CPMT and CSA staff and partners for their contributions in completing the CSA Self-Assessment Workbook. We also would like to acknowledge the assistance and cooperation provided by CSA staff during our review. Please feel free to contact us should you have any questions.

Sincerely,



Rendell R. Briggs, CAMS
Program Auditor



Stephanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
Randall C. Eads, City Manager, City of Bristol
Jason Berry, County Administrator, Washington County
Shelia Tuggle, CPMT Fiscal Agent
Regina Kinder, CSA Coordinator

Attachment



CSA Self-Assessment Validation
Bristol/Washington CSA Program Audit- SAV
Summary of Self-Reported Non-significant Internal Control Weakness

Observations	Criteria	Prior Audit Repeat Observation	Quality Improvement Plan Submitted	Quality Improvement Plan Action Date
1. Maintain a central repository of reports used by internal auditors, external auditors, and other advisory resources (e.g. DSS IV-E Reviews).	ARMICS ^{2,3}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	06/30/21
2. Is there a procedure in effect to ensure that new CPMT, MDT and FAPT members, CSA Coordinator, Local service agencies, and private provider, employees responsible for coordinating CSA services and funding receive training in these policies, etc.?	ARMICS ^{3,4}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	06/30/21
3. Determine whether a training plan has been established for local CSA program staff.	ARMICS ^{3,4}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	06/30/21
4. Maintain documentation of local CSA program staff participation in CSA related training events.	ARMICS ^{3,4}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	06/30/21
5. Ensure that training plans/programs are updated periodically.	ARMICS ^{3,4}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	06/30/21
6. Quality Improvement Plan; Document CPMT discussion of deficiencies and quality improvement plans. Itemize deficiencies and the corresponding plan of action.	ARMICS ^{2,3,4}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	06/30/21

ARMICS (Department of Accounts, Agency Risk Management and Internal Control Standards):

- ¹Control Activities: Segregation of Duties
- ²Control Environment: Governance, Policies and Procedures
- ³Monitoring: Program Evaluation
- ⁴Communication