

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

Lunenburg County

Audit Report No. 52-2019

September 9, 2019



Office of Children's Services
Empowering communities to serve youth

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EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Lunenburg County Children's Services Act (CSA) program. The Lunenburg County CSA program provided services and/or funding to 59 youth and families as of the 3rd quarter of fiscal year (FY) 2019. The audit included review and evaluation of management oversight, operational and fiscal practices. Based upon established statewide CSA performance measures reported as of fiscal year 2018, significant achievements for the Lunenburg County CSA program were as follows:

- Percent of youth with a decrease in the Child and Adolescent Needs and Strengths (CANS) behavioral and emotional needs domain exceeds the statewide average by 4.7%.
- Approximately 85% of the youth and families received community-based services, exceeding the statewide target by approximately 35% and 32% above the statewide average.
- Reduced total expenditures by 4% from FY 2017 to FY 2018.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were major deficiencies¹ in compliance and internal controls particularly in reference to operational and governance practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources, as well as compliance with statutory requirements. Additionally, some observations were also identified in the prior audit report dated February 27, 2018. The following significant issues were identified:

- Twelve (12) case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and CPMT funding decisions. At least one exception was noted in 92% (11 of 12) of the client files reviewed, to include significant exceptions such as the absence of mandatory assessments and/or authorization of funding by the full CPMT. Reimbursement was requested totaling \$61,043 (state share) in fiscal years 2018-2019 for expenditures incurred that did not meet compliance requirements of CSA. A similar observation was noted in the prior audit report date February 27, 2018.
- The CPMT has not documented a formal plan to substantiate coordination of long-range planning nor has a formal process documenting utilization management activity been implemented by the CPMT. This observation was noted in the prior audit report date February 27, 2018.

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



Stephanie S. Bacote, CIGA
Program Audit Manager

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 of Children's Services has completed a financial/compliance audit of the Lunenburg County Children's Services Act program. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal 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 5, 2019 and covered the period April 1, 2018 through March 31, 2019

The objectives of the audit were to:

- Determine whether adequate internal controls have been established and implemented over CSA expenditures.
- Determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- 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.
- 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.
- Assess implementation of quality improvements addressing prior audit observations reported by OCS in the final report dated February 27, 2018.

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, procedures, 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

Lunenburg County was established on May 1, 1746 from Brunswick County. It encompasses 432 square miles in the Piedmont (Southside) area of Virginia. According to the US Census Bureau, State and County Quick Facts report, the estimated population as of July 1, 2018 was 12,086 and the median household income from 2013-2017 was \$39,537.

The Children’s Services Act (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. The state funds, combined with local community funds, are managed by local interagency teams, referred to as the Community Policy and Management Team (CPMT) that plans and oversees services to youth. The CPMT is supported by a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to children and families and a CSA Coordinator. Expenditure demographics for fiscal 2016 to 2018 are depicted below.

**CSA Pool & Census Data by Fiscal Year for Lunenburg County
(2016-2018)**

FY	Census	Census Change	Census % Change	Pool Expenditures	Expenditures \$ Change	Expenditures % Change	Unit Cost	Unit Cost % Change
2016	92	-42	-31%	\$1,082,300	\$144,604	15%	\$11,764	68%
2017	87	-5	-5%	\$1,154,942	\$72,642	7%	\$13,275	13%
2018	72	-15	-17%	\$1,107,832	-\$47,110	-4%	\$15,387	16%

Note: Changes recorded for FY 2016 are based on differences from fiscal year 2015 to 2016.

FY	Expenditures
2016	\$1,082,300
2017	\$1,154,942
2018	\$1,107,832

FY	Census
2016	92
2017	87
2018	72

FY	Unit Cost
2016	\$11,764
2017	\$13,275
2018	\$15,387

**MAJOR DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS**

A) PROGRAM ACTIVITIES

Observation #1:

Criteria: Compliance and Internal Control – Repeat Observation

Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to the coordination and service planning by Family Assessment Planning Team (FAPT). Twelve (12) client 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. At least one exception was noted in 92% (11 of 12) of the client files reviewed. The results of that review indicate improvement is needed in the documentation of service planning and funding decisions, which resulted in the request and reimbursement of \$61,043 (state share) in fiscal years 2018-2019 for expenditures incurred that did not meet compliance requirements of CSA. Exceptions as noted in the table below are deemed significant, as they are critical to evidencing the appropriateness of services and compliance with CSA funding requirements.

Client File Review Exception Summary and Detailed Cost Breakdown					
Exception Rate		Description			
50% (6 of 12)		1. Initial or discharge Child and Adolescent Needs and Strengths (CANS) assessments were not completed. COV § 2.2-5212			
42% (5 of 12)		2. Individual and Family Services Plans (IFSP) missing data elements (discharge plan, parent signature, progress updates). CSA Policy Manual Section 3.5, Records Management			
17% (2 of 12)		3. Missing provider treatment plans and progress reports to support individual client file utilization reviews. CSA Policy Manual Section 3.5, Records Management			
17% (2 of 12)		4. Authorization by the full CPMT was not evidenced for services funded. COV § 2.2-5206			
Client	Exception	Service Description	Period	Total Cost	State Share
T4	1	Foster Care Maintenance	6/18 – 2/19	\$4,083	\$3,390
S5	1 and 4	SPED Private Day	11/18 – 2/19	\$23,450	\$19,468
K6	4	Treatment Foster Care	4/18 – 2/19	\$45,995	\$38,185
				\$73,528	\$61,043

A similar observation was also reported in the prior audit of the Lunenburg County CSA Program dated February 27, 2018. A quality improvement plan was submitted with a target date of June 30, 2018 to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the action taken are continuously working as intended.

Recommendations:

1. Prior to service planning, the FAPT and the CSA Coordinator should ensure that minimum documentation requirements are met and maintained in client case files. Key documents include but are not limited to CANS, provider treatment plans, and progress reports.
2. The FAPT should ensure that a properly completed IFSP is used to record service planning activities such as but not limited, discharge planning, parent/guardian signatures, and progress updates.
3. 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.
4. Lunenburg 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 of whether the identified actions are acceptable or any additional actions that may be required.

Client Comment:

1. A check list will be devised to ensure all documents are completed for FAPT review. The FAPT chair and CSA coordinator will ensure all document are in place before a case can be presented.
2. The FAPT case manager will complete ALL areas of the IFSP to ensure adequate service planning can be implemented. Case manager is responsible for discharge planning. This should be addressed at admission with a target date. Case manager will ensure progress updates as it is essential in treatment planning and case managers will ensure they are provided. Parent/guardian participation is essential and signatures will be obtained indicating their desires for treatment, case managers will invite parent/guardians to attend meeting. If they are unable to attend a phone conference may be utilized.
3. Periodic case file review will be performed by FAPT team members at least twice year and audit committee at least twice a year to ensure compliance with CSA statutory requirements.
4. Upon acceptance of our informal comments, Lunenburg CPMT will submit a QIP based upon OCS template

B) CPMT GOVERNANCE

Observation #2:

Criteria:

Compliance and Internal Control – Repeat Observation

Adequate measures have not been established and/or implemented by the Lunenburg County CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA program. Opportunities for improvement were noted based on instances of non-compliance with CSA statutory requirements and internal control weaknesses identified as follows:

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.
2. Formal performance measures and utilization management practices and procedures to assess overall program effectiveness have not been established in accordance with Code of Virginia COV § 2.2-5206, items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence utilization management/utilization review (UM/UR) activities to include:
 - A. review of local and statewide data provided in the management reports on the number of children served, children placed out of state, demographics, types of services provided, duration of services, service expenditures, child and family outcomes, and performance measures.
 - B. tracking 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, relatives homes, family-like setting, or their community.

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 long-range 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.

This observation was also reported in the prior audit of the Lunenburg County CSA Program dated February 27, 2018. A quality improvement plan was submitted with a target date of June 30, 2018 to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the action taken are continuously working as intended.

Recommendations:

1. As required by CSA statute, the CPMT should develop a long-range plan that ensures the development of resources and services needed by children and families in their county. The plan should include a formal risk assessment that identifies service gaps, strategies to address gaps and measurable criteria to be used for evaluating program effectiveness based on the needs in their communities.
2. 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.
 - [CQI Dashboard](#)
 - [CQI Dashboard Instructions Manual](#)
 - [CQI Dashboard Codes](#)
 - [CQI Documentation Template with Instructions \(Download\)](#)
 - [CQI Terms and Definitions](#)
 - [CQI Training](#)

Client Comment:

1. Long -range plan will be developed based upon the QIP and checklist created as discussed in observation #1 item 1.
2. CPMT has begun and will continue to utilize Dashboard to review OCS financial performance reports by localities to use as a tool for continued quality improvement for our locality.

Observation #3:

Criteria:

Compliance and Internal Control – Repeat Observation

Written policies and procedures are not consistent with State statutes, established state CSA guidelines and/or best practices that directs the CPMT to ensure that procedures are established to govern the local CSA program. Current policies and procedures do not include policies governing bids for the development and/or purchases of new services as required by COV 2.2-5206. There were no specific references to locally required procurement practices or procedures.

This observation was also reported in the prior audit of the Lunenburg County CSA Program dated February 27, 2018. A quality improvement plan was submitted with a target date of June 30, 2018 to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the action taken are continuously working as intended.

Recommendations:

Lunenburg CPMT should immediately update their policies and procedures manual to document and formally adopt policies and procedures pertaining to bids for the development and/or purchase or new services, in accordance with COV requirements.

Client Comment:

Lunenburg policy and procedure manual will be updated to indicate that the service fee directory is utilized to determine vendors and the purchasing of services. This instrument will allow cost comparison as well as the most feasible geographical location.

Observation #4:

Criteria:

Compliance and Internal Control

Membership of the Lunenburg County CPMT and FAPT were not in accordance with the requirements established by CSA statute. CPMT and FAPT currently do not have parent representatives as required by COV § 2.2-5205 and § 2.2-5207. While the parent representative role for CPMT had only been vacant a few months, the parent representative for FAPT had been unfilled for more than a year. Evidence of recruitment efforts to fill vacancies was not available for review. The absence of the parent representative impedes the intent of CSA to create a collaborative system of services and funding that includes both representatives of public agencies and parent advocates in the community. Upon completion of the audit, the Lunenburg CPMT indicated that parent representatives were appointed to CPMT and FAPT effective June 2019.

Recommendations:

The Lunenburg County CPMT should ensure that composition of the CPMT and FAPT meets the minimum requirements established by CSA statute. The CPMT should actively recruit to fill vacancies when they occur. Documentation of recruitment efforts should be maintained.

Client Comment:

Resolved we now have filled all required positions on FAPT and CPMT.

OTHER DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS

C) LOCAL PRACTICES, POLICIES AND PROCEDURES

Observation #5:

Criteria:

Internal Control

Internal controls established by the Lunenburg County CPMT to ensure adequate and effective program oversight (i.e. governance) was not operating as intended. The recorded minutes of monthly CPMT meetings provided insight where locally adopted policies and practices were not enforced. Areas where improvements are needed included the following:

1. Lunenburg County CSA Policy/Procedures Manual Section III.B Reporting and Review of Expenditures states that CPMT will be given a monthly report that tracks monies expended within the fiscal year. However, no such report accompanied the CPMT minutes. Review of financial reports should be a part of the CPMT utilization management activity required by CSA statute.
2. Meeting minutes (July 2018) referenced a requirement to submit training certificates upon completion of the CPMT E-Learning modules by the October CPMT meeting. However, subsequent meetings through November 2018 did not indicate required training had been completed. A reminder to complete the modules was discussed in December 2018 minutes. Training certificates were not made available for review. Per the CSA Coordinator, only one certificate of completion was received prior to the start of this audit. Training is essential to confirm stakeholders possess the competencies needed to ensure program objectives are met, particularly for members of the CPMT whose responsibilities include coordination of long-range planning.
3. Meeting Minutes (July 2018) referenced a self-audit scheduled for September 2018. However, the results of that assessment were not made available for review. The December 2018 minutes suggested that the audit was limited to client case files for which exceptions were noted. However, there was no documentation of the methodology or period reviewed to ensure consistency and integrity of the process. Further, the local policy manual stated that the reviews would be performed twice per year. However, only one review was conducted in the twelve month period reviewed.

Recommendations:

1. The CSA Coordinator and/or CPMT Fiscal Agent should ensure that a financial report is presented at each monthly CPMT meeting. Retain a copy of the documentation supporting fiscal data reported with the recorded minutes of the meeting.

2. To ensure all stakeholders complete the required training, the CPMT should coordinate and schedule the modules for completion as a group rather than individually.
3. The CPMT should document the procedures and methodology for conducting self-audit of client case files, addressing the following suggested areas: period of review, persons responsible for task, case file selections, frequency of reviews, reporting results, addressing deficiencies identified, etc.
4. The CPMT should identify standard reports to be presented at CPMT meetings and the frequency of those reports. These should be reflected in the CPMTs utilization management plan and quality assurance efforts.

Client Comment:

1. The fiscal agent shall provide a financial report monthly to CMPT. The CSA Coordinator will ensure a copy is attached to the minutes for each month.
2. All training modules will be completed as a group during designated CPMT meetings to ensure compliance.
3. A self-audit team will be developed to provide audits at least bi annually. Random cases will be selected and reviewed to ensure the chart is in compliance with CSA Statutes. Case numbers will be used to pull cases to ensure a new case review is completed each time. Any deficiencies noted will be corrected by the case manager and given to CSA coordinator for verification no later than 60 days from the audit. The case manager will provide the audit team with confirmation at completion.

AUDIT TIMEFRAMES

Once between July 1- Dec 31 (five charts)

Once between Jan 1 – June 30 (five charts)

5. CMPT will identify which reports are beneficial to the team. Reports will be presented at least quarterly and will be reflected in CPMT'S utilization management plan and quality assurance efforts.
6. Pool reimbursement history report details month to month expenditures.
7. Joint FAPT and CPMT meeting will be conducted at least bi annually (December and June) as an internal action plan to ensure compliance on a local level is being met. This will provide team building and provide an open method of communication to ensure clarity of material.
8. All out dated forms will be discarded – FAPT chair will assist in checking for proper documents. Paperwork will not be presented to CPMT if it is not completed in its entirety.

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Lunenburg County CSA program. Conditions were identified pertaining to the governance, operational, and fiscal practices of the locally administered program that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. In some instances, the observations included in this report were a repeat of observation included in the prior report dated February 27, 2018.

An exit conference was conducted on July 25, 2019 to present the audit results to the Lunenburg County CPMT. Persons in attendance representing the Lunenburg County CPMT were as follows:

Edward W. Pennington, Lunenburg Board of Supervisors
Tracey Gee, Lunenburg County Administrator and CPMT Fiscal Agent
Cyntina Hines, CPMT Chair (Former), Cross Roads Community Services Board
Dorothy Newcomb, Lunenburg Department of Social Services
Beth Tingen, Lunenburg Public Schools
Christi DeFrancesco, Private Provider Representative
Linda Blake, Parent Representative
Cheryl Blow, CSA Coordinator.

Representing the Office of Children's Services was Stephanie Bacote Program Audit Manager. We would like to thank the Lunenburg County CPMT and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Tracy Gee, Lunenburg County Administrator
and CPMT Fiscal Agent

Bernadine Abernathy, CPMT Chair (Effective 7/1/19)

Cyntina Hines, CPMT Chair (Former)

Cheryl Blow, CSA Coordinator