CHILDREN'S SERVICES ACT

PROGRAM AUDIT

FINAL REPORT

Orange County

Audit Report No. 13-2020

April 14, 2021

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Interim 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, audit procedures were conducted remotely. Audit procedures were divided into two phases (Governance and Client Record Reviews). An interim report addressing governance activities was issued on November 16, 2020. The interim report did not include the results of an evaluation of compliance and internal controls pertaining to child/family referrals for service planning and funding as determined through client record reviews. Client record reviews were completed on March 04, 2021. This final report represents the full and completed evaluation of both phases of the self-assessment validation.

EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Orange County Children's Services Act (CSA) program. The Orange County CSA program provided services and/or funding to 96 and 98 eligible youth and families in fiscal year (FY) 2019 and (FY) 2020 respectively. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2019, significant achievements for the Orange County CSA program were:

- Approximately 85% of youth served received community-based services out of all the youth served in Orange County.

- Approximately 94% of children that exited foster care were placed in a permanent living arrangement, which is approximately 8% above the target and 18% above the statewide average.

- Approximately 71% of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) Assessment school domain, which is approximately 25% above the statewide average. Decreases in CANS score are indicative of improved functioning.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in compliance and internal controls particularly in reference to governance and fiscal practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources and compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where CSA compliance requirements were not met. Specific non-compliance items identified were in the area of: administration of annual CANS assessments for 3 (30%) of 10 client records examined. The total questioned cost equaled $94,797.56, of which $56,169.80 represents the state share.

- Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against potential conflicts of interest in the referral for services and approval of CSA pool funds for eligible youth and their families. Statement of Economic Interest (SOEI) forms were not completed by non-public serving members of the CPMT and FAPT as required per the Code of Virginia (COV) § 2.2-5205 and § 2.2-5207. This observation was included in the interim audit report issued November 16, 2020 and the prior audit report dated August 3, 2017.

- Adequate measures were not 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 and/or to meet the needs of the children and families. Orange County has not ensured child support collections from the Department of Social Services are reported as refunds to CSA for CSA eligible clients. This observation was included in the interim audit report issued November 16, 2020.

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

Annette E. Larkin, MBA
Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Orange 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 April 13, 2021 and covered the period March 1, 2019 through February 29, 2020. The objectives of the audit were:

- 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.

- Assess implementation of quality improvement plans addressing prior audit observations reported by OCS on and/or identified in the prior self-assessment evaluation completed by the Orange County. The audit report dates were May 19, 2014 and August 3, 2017.

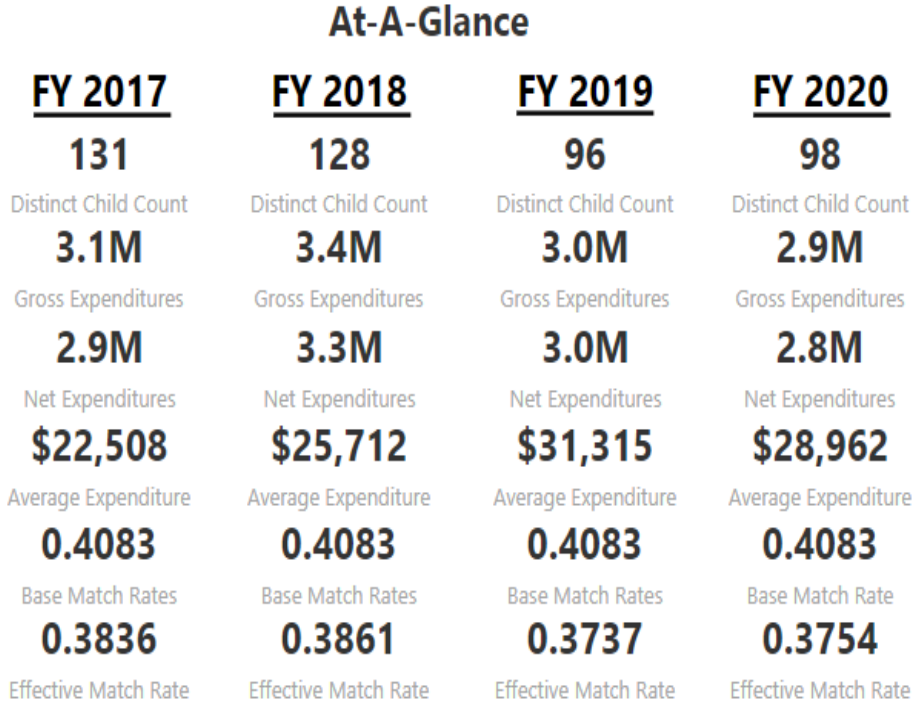
The scope of the audit included a review of CPMT policy/procedure, CPMT board meeting minutes, continuous quality improvement, monitoring of fiscal management and program outcomes, strategic planning, and adherence to established federal, state, and local compliance criteria pertaining to CSA (where validations could be completed remotely).

BACKGROUND

Orange County, located in the north central piedmont region of Virginia and founded 1734, was named after Prince William IV of Orange. Orange County borders the counties of Madison (northwest), Culpeper (north), Spotsylvania (east), Louisa (south) Albemarle (southwest) and Greene (west). According to the US Census Bureau Quick Facts, the estimated population in 2019 was 37,051 and the median household income from 2014-2018 was $68,481.

The Children's Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for eligible youth and their families. The state funds, combined with local community funds, are managed by a local interagency team, 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 eligible children and families, an Account Clerk, a FAPT Coordinator and a CSA Coordinator. Expenditure demographics for fiscal 2017 to 2019 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard



OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

Observation #1:

Criteria: **Compliance and Internal Control**

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 as follows. Per Code of Virginia (COV) § 2.2-5212, access to the state pool of funds includes the use of a uniform assessment instrument and process. The Child and Adolescent Needs and Strengths (CANS) Assessment is the approved uniform assessment instrument per CSA Policy 3.6 Mandatory Uniform Assessment Instrument (Adopted December 18, 2007, Revised December 13, 2018). CSA Policy states that the CANS assessment is required initially, annually, and upon discharge from the CSA process. An annual CANS had not been completed for three (3) client case files examined, resulting in $94,797.56 in questioned costs, of which $56,169.80 represents the state share. Refer to Summary Table A for a detailed breakdown of the questioned cost applicable to Clients A through C.

Table A

Client	Period of Services	Total Expenditures	State Share
A	March 2019 – February 2020	$60,030.00	**$35,519.75**
B	March 2019 – February 2020	$14,757.56	**$8,810.13**
C	March 2019 – June 2020	$20,010.00	**$11,839.92**
	Total	**$94,797.56**	**$56,169.80**

Recommendations:

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation, such as but not limited to, administration of annual CANS assessment should be ensured.

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.

Client Comment:

See Attachment A for Management Response

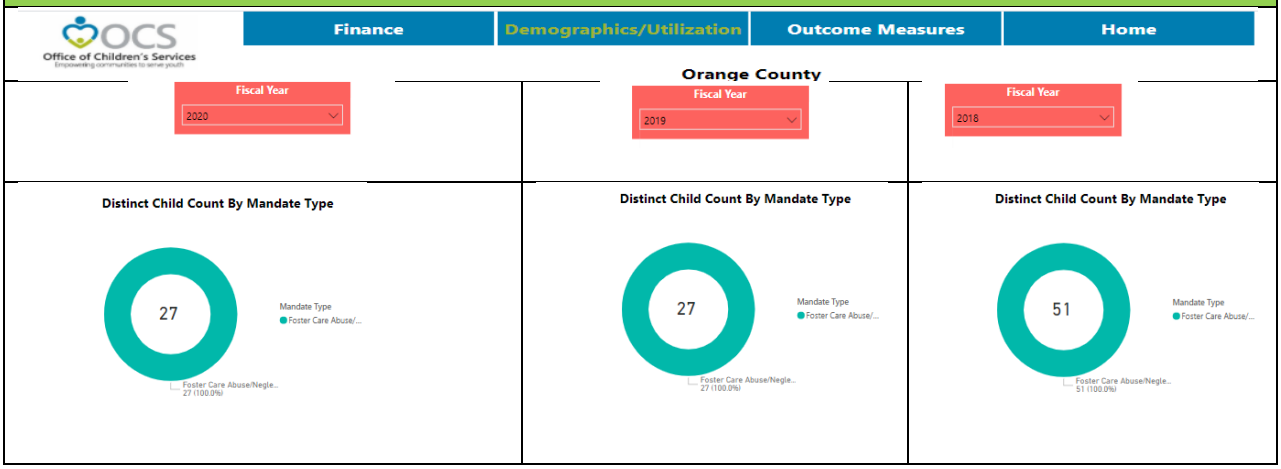
Observation #2:	
Criteria:	**Compliance and Internal Control**

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 and/or to meet the needs of the children and families. SEC Policy 4.5.2 Pool Fund Reimbursement requires localities to report at least quarterly all CSA eligible expenditures and applicable refunds in accordance with appropriate expenditure-reporting categories and refund classification. A review of the Local Expenditure, Data and Reimbursement System (LEDRS) Refund Reports for FY18 – FY20 indicates that Orange County has not reported any Child Support Enforcement recoveries (Refer to Exhibit B). However, other data collected by OCS for Orange County denotes CSA funded services on behalf of 27-51 foster care clients (Refer to Exhibit C). Upon inquiry, the Orange County CSA Office advised that they had not received any child support funds from the Department of Social Services. This observation was included in the interim audit report issued, November 16, 2020.

Exhibit B
LEDRS Refund Reports for FY 2018-2020
https://www.csa.virginia.gov/OCSPoolReports/PoolReports/RefundReport

FY	FIPS	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
18	137	Orange	47,373.81	8,694.00	13,000.00	-	21,032.40	-	90,100.21
19	137	Orange	4,824.41	5,888.00	-	-	-	-	10,712.41
20	137	Orange	6,784.14	712.00	-	-	9,585.86	-	17,082.00

EXHIBIT C
CONTINUOUS QUALITY IMPROVEMENT (CQI) DASHBOARD
https://www.csa.virginia.gov/Resources/ContinuousQualityImprovement



Recommendations:

In accordance with SEC Policy 4.5.2, the CPMT should determine if there were any child support collections for the current and previous fiscal years and report the refund in LEDRS with their next pool reimbursement.

Client Comment:

See Attachment A for Management Response

B) CPMT GOVERANCE

Observation #3:

Criteria: **Compliance and Internal Control - Repeat Observation**

Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest. The non-public members serving on both the CPMT and FAPT did not complete the statement of economic interest (SOEI) form in accordance with the requirements set forth in COV §2.2-5205 and §2.2-5207. Non-public members completed the Financial Disclosure ("short form") form in lieu of the Statement of Economic Interest ("long form"). The Financial Disclosure form is less comprehensive than the SOEI, and thus may not reflect full disclosure of all financial interest. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are reduced based on the increased opportunity for individuals to not disclose all personal and financial interest.

OCS Administrative Memo #18-02 dated January 16, 2018 provided guidance to local CSA programs regarding filing requirements. The guidance states that upon appointment non-public members must complete the "long" form as prescribed in (COV) §2.2-3117. This audit observation was reported in the audit report dated August 3, 2017. A quality improvement plan had been submitted and indicated as completed in the spring of 2019. The CPMT started including the SOEI form in the application to join CPMT and FAPT. However, the wrong form was provided. This observation was included in the interim audit report issued, November 16, 2020.

Recommendations:

1. The CSA Office should ensure the appropriate form is included with the materials provided to individuals interested in serving as non-public officials of CPMT and FAPT.

2. The CPMT should ensure all of the CPMT and FAPT members not representing a public agency complete the SOEI forms (long form) upon appointment and maintain the filing in accordance with the OCS Administrative Memo 18-02 dated January 16, 2018.

Client Comment:

See Attachment A for Management Response

Observation #4:

Criteria: **Internal Control - Repeat Observation**

Orange County CPMT By-Laws adopted December 19, 2017, state: "a member of the CPMT who fails to personally attend at least 75% of the regular meetings within a calendar year shall be reported to Orange County Board of Supervisors (BOS)." The designated Community Services Board (CSB) representative was not present for 58% of the meetings during the review period and 50% of the meetings during a calendar year, as determined through member attendance documented in CPMT minutes. Nor was there an alternate/designee in attendance on their behalf. Local representatives attributed the absences to staffing changes (retirement/new hire). The absence of the CSB representative of the governing body responsible for the administration and implementation of the local CSA program represents a material weaknesses in oversight and governance of the program, which may ultimately impede the intent of CSA to create a collaborative system of services that is contingent upon the participation of the member agencies to provide the expertise in their respective areas. This internal control weakness was identified in the August 3, 2017 audit report and was included in the interim audit report issued, November 16, 2020.

Recommendations:

1. The CPMT should name an alternate for each public serving member of the team to ensure each agency is represented at the regularly scheduled CPMT meeting.

2. All matters with absenteeism should be reported to the Orange County BOS as stated in the CPMT By-laws.

Client Comment:

See Attachment A for Management Response

CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Orange County CSA program, particularly in reference to CPMT governance and fiscal practices. Conditions were identified that could adversely affect accountability and oversight, as well as compliance with statutory requirements. An exit conference was conducted on October 27, 2020 and March 23, 2021, to present the audit results to the Orange County CPMT. Persons in attendance representing the Orange County CPMT were as follows:

Susan Aylor, CPMT Chair, Director of Special Education
Marc Moore, Court Services Unit Supervisor
Taisha Chavez, Program Manager, Community Service Board
Alisha Vines, Director Office on Youth, Local Government Representative
Crystal Hall, Director of Social Services
Wade Kartchner, MD, Department of Health (October 27, 2020 only)
Joseph Nagle, Private Provider Representative (October 27, 2020 only)
Ann User, Private Provider Representative (March 23, 2021 only)
Letitia Douthit, CSA Coordinator

Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Orange 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
Theodore L. Voorhees, Orange County Administrator
Susan Aylor, CPMT Chair, Director of Special Education
Dawn Watson, CPMT Fiscal Agent
Letitia Douthit, CSA Coordinator

Orange County Public Schools
Empowering Students
Achieving Dreams

April 9, 2021

Office of Children's Services
Attn: Annette Larkin
1604 Santa Rosa Road,
Wythe Building, Ste 137
Richmond, VA 23229

Ms. Larkin,

I would like to thank you for the wonderful experience we have had in Orange County during our most recent CSA Program audit. We know it was a challenge this year due to the ongoing pandemic. I would also like to thank you for the exit interview as this gave our team a chance to discuss any questions we might have had regarding the findings. As always, we appreciate the feedback and information that was provided so that we can work to improve our program. Per your request, I am including in this letter our comments in regard to our audit report.

A. Fiscal Activities

Observation 1:

The Orange Office on Youth has changed the way CSA case files are reviewed after the initial FAPT. The FAPT Coordinator and a FAPT member will review all case files each time the case is before the FAPT. Additionally, upon discussion with the Orange County Public School Special Education Director, Susan Aylor, their department has developed an internal procedure to ensure all CANS are completed and sent at the appropriate times. This will be discussed further in the Quality Improvement Plan.

Observation 2:

The Orange County Office on Youth will be working with the Orange County DSS Director and staff to determine the best way to receive this report in order to provide adequate numbers in the Local Expenditure, Data and Reimbursement System moving forward. This will be addressed in the Quality Improvement Plan to include and appropriate timeline of compliance.

B. CPMT Governance

Observation 3:

The Office on Youth Director, Alisha Vines, has included the "long form" in the applications for the upcoming FAPT appointments. All applicants will be required to complete this form in order to be eligible for appointment to our team for FY2022 and moving forward. The current Private Provider on CPMT and Parent Representative for FAPT have received their "long form" via email and we await completion. We hope to have this finalized when the Quality Improvement Plan is submitted for review.

Observation 4:

Moving forward, when there is a retirement in any of the required agencies, contact will be made in advance to determine the future attendee for these meetings as they will require appointment by the Board of Supervisors. Additionally, we have already addressed this concern in that we have had the Board of Supervisors appoint a Primary Representative as well as a Secondary to allow coverage as needed.

Again, I would like to thank you for your hard work and dedication to help make our program more successful. The feedback received during our audit process is very much appreciated and will prove to be helpful as we continue to help our children and families.

Sincerely,

Susan Aylor

Susan Aylor
Director of Special Education
Orange County Public Schools

Cc: Theodore L. Voorhees, Orange County Administrator
Letitia Douthit, Orange County CSA Coordinator
Orange County CPMT
File