



# Office of Comprehensive Services

Empowering communities to serve youth

## CSA PROGRAM AUDITS

Presented by

Stephanie Bacote and Ty Parr

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# INTRODUCTIONS

## CSA Program Auditors

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### ▶ Stephanie Bacote, CIGA

Stephanie Bacote joined the Office of Comprehensive Services as a Program Auditor in March 2012, after fourteen years as a Senior Internal Auditor/Team Leader with the Virginia Department of Corrections, Office of Inspector General Internal Auditing Unit. Stephanie is an active member of the Institute of Internal Auditors (IIA) and the Association of Inspectors General (AIG), both internationally recognized as industry authorities for internal audit standards and practices. Stephanie currently holds a designation as a Certified Inspector General Auditor (CIGA) and is currently pursuing the Certified Internal Auditor (CIA) designation. Stephanie received a Bachelor of Science degree in Accounting from Virginia State University.

### ▶ Ty Parr, MPA

Ty Parr joined the Office of Comprehensive Services as a Program Auditor in March 2012 after four years as a CSA Specialist with a local CSA office. Ty also has twelve years of service with the Department of Juvenile Justice. Ty is an active member of the Institute of Internal Auditors (IIA) and the Association of Inspectors General (AIG), both internationally recognized as industry authorities of internal audit standards and practices. Ty is pursuing the Certified Internal Auditor (CIA) designation. Ty received a Bachelor of Science degree in Social Work and a Master of Public Administration.

# CSA Program Audits Discussion Points

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- ▶ Purpose, Authority, and Objectives
- ▶ Key Definitions
- ▶ Audit Plan and Scheduling
- ▶ Audit Process
- ▶ Audit Coverage (What Do We Audit?)
- ▶ Audits & Denial of Funds Policy
- ▶ Summary
- ▶ Questions/Comments

# PURPOSE AUTHORITY and OBJECTIVES

# CSA Program Audits

## Purpose: CSA Vision Statement

OCS envisions CSA as a national model in providing effective and innovative systems of care statewide for at-risk youth and families.

We strive for CSA to be highly regarded as a leader in improving outcomes for children and their families by:

- **facilitating the highest quality technical assistance and training to strengthen the capacity of communities to implement CSA;**
- **maintaining high standards for sound fiscal accountability and responsible use of taxpayer funds; and**
- **partnering with families and all CSA stakeholders to implement best practices and technology to continually improve the performance of CSA.**

OCS strives to maintain an enthusiastic, creative and knowledgeable staff empowered to work with CSA stakeholders to sustain the highest quality system of care for Virginia's youth and their families.

- ▶ Code of Virginia
  - ▶ Appropriations Act (Budget Bill)
    - ▶ Agency Risk Management and Internal Control Standards (Department of Accounts)

### ▶ Code of Virginia

§2.2-2648.D. – The Council shall have the following powers and duties:  
20. Deny state funding to a locality, in accordance with subdivision 19, where the CPMT fails to provide services that comply with the Comprehensive Services Act (§ [2.2-5200](#) et seq.), any other state law or policy, or any federal law pertaining to the provision of any service funded in accordance with § [2.2-5211](#).

§2.2-2649 – The Office of Comprehensive Services holds responsibility to provide consistent oversight for CSA administration and compliance with state policies and procedures.

### ▶ Appropriations Act, Chapter 890

Item 274.B.1.e. “The Office of Comprehensive Services, per the policy of the State Executive Council, shall deny state pool funding to any locality not in **compliance with federal and state requirements** pertaining to the provision of special education and foster care services funded in accordance with § 2.2–5211, Code of Virginia.”

Item 274.B.2.d. “Pursuant to § 2.2–5200, Code of Virginia, Community Policy and Management Teams **shall seek to ensure that services and funding are consistent with the Commonwealth's policies** of preserving families and providing appropriate services in the least restrictive environment, while protecting the welfare of children and maintaining the safety of the public.”

Source: Excerpts from Current Appropriations Act Chapter 890



# CSA Program Audits

## Source of Authority: ARMICS

### The Commonwealth's *Agency Risk Management and Internal Control Standards (ARMICS)*

- ▶ This document contains the Commonwealth's complete standards for internal control. Although discussion of "internal control" has long standing with accountants and auditors, all of agency management should know, understand, embrace, and implement these standards. The standards must be applied to all government activities that involve the state's assets, accounting, and financial reporting.
- ▶ These standards currently focus on the fiscal impact of agency programs and services. However, all programs and services are entrusted with financial and other assets and **must achieve the internal control objectives** embodied in these standards.

Source: [http://www.doa.virginia.gov/Financial\\_Reporting/ARMICS/ARMICS\\_Standards.pdf](http://www.doa.virginia.gov/Financial_Reporting/ARMICS/ARMICS_Standards.pdf) , Refer to Page 6

# CSA Program Audits

## Objectives: Internal Control

QUESTION: What are internal control objectives?

ANSWER: Criteria internal auditors use to evaluate and provide assurance regarding the organization's ability to achieve stated objectives and to recommend improvements to enhance operational effectiveness.

- OBJECTIVES:
- (1) Determine adequacy of CSA risk management, control, and governance processes.
  - (2) Determine whether established goals and objectives of CSA are accomplished.
  - (3) Determine the extent of compliance with CSA laws, statutes, policies, procedures, etc.
  - (4) Determine the extent of the reliability and integrity of CSA information.
  - (5) Determine adequacy of the safeguarding of CSA assets and/or data.
  - (6) Determine whether CSA resources are used effectively and efficiently; recommend operational improvements.

# KEY DEFINITIONS

# CSA Program Audits

## KEY Definitions

- ▶ **Internal Auditing**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes

- ▶ **Internal Controls**

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established goals and objectives will be achieved.

- ▶ **Risk**

The possibility of an event occurring that will have an impact on the achievement of objectives; measured in terms of impact and likelihood.

- ▶ **Risk Management**

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of organizational objectives.

- ▶ **Governance**

A combination of processes and structures implemented by organizational leaders to inform, direct, manage, and monitor the activities of the organization toward achieving its objectives.

Source: International Professional Practices Framework, Institute of Internal Auditors (IIA)

# AUDIT PLAN AND SCHEDULING

# Three major characteristics of audit planning and scheduling.

- Scope
- Frequency
- Logistics

# CSA Program Audits

## Audit Plan and Scheduling – Scope

- ▶ The area covered by an activity, topic,; extent or range of view, outlook, application, operation, effectiveness, etc.: an investigation of wide scope.
  
- ▶ Can be:
  - Full Scope – all encompassing; fully comprehensive
  
  - Limited Scope – focus may be a specific process, function, or period; includes :
    - Follow-up Audits – Verification of implementation of corrective action plans
    - Self-Assessments – Independent review and validation of client prepared self assessments
  
  - Consulting – requests for assistance/partnership with audit clients, for example conducting training events or ex-officio participation on a committee

# CSA Program Audits

## Audit Plan and Scheduling – Frequency

- ▶ A primary concern of audit clients; how often will I be audited?
- ▶ Frequency is established based on these factors:
  - **Risk Assessment**  
Impact and likelihood of not achieving organizational objectives.
  - **Cycle**  
Every 3 number of years; except where risk assessment or management request warrant modified scheduling.
  - **Requests**  
Requests from management; approved by the OCS Executive Director
- ▶ Audit plan may be published on CSA website.



# CSA Program Audits

## Audit Plan and Scheduling – Logistics

- ▶ Another cause of concern among audit clients; where does the audit take place and how long will it take?
- ▶ The scope of the audit is a significant factor in the location and length of the audit. However, most audits are coordinated using multiple logistic avenues as follows:
  - **Site Visits** – All work is performed on-site at the client's location.
  - **Continuous Monitoring (Desk Reviews)** – All work is performed from OCS offices; Data readily accessible using information technology resources.
  - **Self Assessment w/Independent Validation** – Combination of desk reviews and site visits based on self-assessment results supplied by audit clients.
- ▶ As much notice as possible will be provided, prior to initiating on-site engagements.

# AUDIT PROCESS

There are four key phases of the audit process:

- ▶ Planning
- ▶ Fieldwork
- ▶ Communicating Results
- ▶ Follow-up

# CSA Program Audits

## Audit Process – Planning

- ▶ Planning involves identifying potential risk; determining audit objectives; allocating audit resources; obtaining an understanding of the operation/function, etc.
  
- ▶ Planning activities include, but are not limited to....
  - Entrance Conference
  - Coordination w/other audit resources  
(i.e. internal audit; Auditor of Public Accounts; VDSS IV-E Review Teams)
  - Risk Assessments
  - Flowcharting
  - Internal Control Questionnaires
  - Data Collection  
(i.e. polices and procedures, financials, participation statistics, etc.)

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## Audit Process – Fieldwork

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- ▶ Fieldwork consists of the steps performed to accomplish the audit objectives.
  
- ▶ Fieldwork activities include, but are not limited to.....
  - reviewing applicable policies, procedures, laws, rules, regulations, etc.
  - sample selection
  - interviews with relevant personnel
  - surveys
  - physical inspections
  - examination of relevant documentation
  - analytical procedures

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## Audit Process – Communicating Results

- ▶ This phase of the process entails informing the client and interested stakeholders of the results of the audit.
- ▶ Typically occurs throughout the entire audit process.
- ▶ Usually includes an overall conclusion of the audit and related internal controls.
- ▶ Methods of communicating results consist of, but are not limited to ...
  - Management Discussion Points/Point Sheets  
(used to document control weaknesses disclosed during the audit; clarify differences with client representative before final presentation)
  - Exit Conference  
(formal presentation to audit client; request formal response/comments to reported items)
  - Final Report

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## Audit Process – Follow Up

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- ▶ An important role in the audit process because it meets the internal control standard of monitoring corrective action.
- ▶ Process involves limited audit test work to validate the status of the implementation of corrective action.
- ▶ Based on corrective action plans prepared in response to reported audit conditions and planned completion dates.
- ▶ Audit clients may be asked to self report the status of their corrective action; this would not preclude OCS from independently validating the accuracy of the status reported.

# AUDIT COVERAGE

## (What Do We Audit?)



# CSA Program Audits

## Audit Coverage (What Do We Audit?)

The audit will be divided between the two primary OCS functional activities:

▶ PROGRAM AUDITS

*and*

▶ FISCAL AUDITS

# CSA Program Audits

## Audit Coverage (What Do We Audit?)

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- ▶ Areas covered in the program audits may include:
  - Policies and Procedures
  - Records Management
  - Data Management
  - Utilization Management/Utilization Review (UM/UR)
  - Family Assessment Planning Teams (FAPT)
  - Community Policy Management Teams (CPMT)
  - Other service areas as deemed appropriate

# CSA Program Audits

## Audit Coverage (What Do We Audit)

- ▶ Areas covered in the fiscal audits may include:
  - Fund allocation monitoring
  - Purchase of services
  - CSA expenditure processing/reimbursements
  - Financial Reporting
  - Assessment of internal controls
  - Other fiscal activities as deemed appropriate

### Audit Coverage for Self Assessments

- ▶ OCS developed instrument includes assessment tools for program and fiscal activities.
- ▶ The instrument developed is generic to CSA requirements established by the Code of Virginia, State Executive Council, per CSA Policy Manual.
- ▶ Does not include assessment criteria for requirements established by the local CPMT.
- ▶ Localities are encouraged to assess compliance with local requirements when performing self assessments.

# AUDITS & DENIAL OF FUNDS POLICY

# CSA Program Audits

## Audit & Denial of Funds Policy

- ▶ In 2011, the State Executive Council adopted denial of funds policies which establish specific requirements and procedures for the denial of funding under circumstances “where a CPMT fails to provide services that comply with the CSA, any other state law or policy, or any federal law pertaining to the provision of any service funded in accordance with §2.2-5211.”
- ▶ Violations may be uncovered during the course of:
  - OCS site reviews,
  - OCS review of local policies and procedures, or
  - OCS analysis of data anomalies and/or supplemental requests, and
  - Reports received from State and Local agencies.
- ▶ As established by SEC policy, the Office of Comprehensive Services shall publish a brief description of any violation which has resulted in the denial of funds to a locality. The reported violations may include the published results of OCS program audits or other audit agencies, such as the Auditor of Public Accounts (APA).

Website link: [http://www.csa.virginia.gov/html/denial%20of\\_funds/violations\\_denial\\_of\\_funds.cfm](http://www.csa.virginia.gov/html/denial%20of_funds/violations_denial_of_funds.cfm)

- ▶ Audit recommendations may encourage OCS management to recover funds used inappropriately. However, denial of funds is at OCS management’s discretion and will be applied in accordance with SEC policies and procedures.

Website link: [http://www.csa.virginia.gov/html/denial%20of\\_funds/denialoffunds.cfm](http://www.csa.virginia.gov/html/denial%20of_funds/denialoffunds.cfm)

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# SUMMARY

# OCS AUDIT PROGRAM

# CSA Program Audits

## Discussion Points – Summary

- ▶ CSA Vision Statement describes the purpose and objectives for OCS Program Audits. Authority is granted by the Code Virginia, Appropriations Act, and ARMICS.
- ▶ Audit planning and scheduling are contingent upon the scope (full/limited); frequency (risk based/cycle/requested) and logistics (onsite/desk/self-assessments).
- ▶ Audit process consists of four phases: planning, fieldwork, communication results, and follow-up.
- ▶ Audit coverage will be divided into two primary categories: Program Audits that will focus on operational activities and Fiscal Audits that will focus on financial activities pertaining to appropriate use of CSA funds.
- ▶ OCS audits may identify violations that could potentially result in the denial of funds. The audit recommendation may encourage recovery of funds used inappropriately. However, denial of funds is at the discretion of OCS management in accordance with SEC policies and procedures.



# QUESTIONS / COMMENTS

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# CSA Program Audits

## Contact Information

*Stephanie S. Bacote, CIGA*

*CSA Program Auditor*

*Phone: (804) 662-7441*

*Email: [stephanie.bacote@csa.virginia.gov](mailto:stephanie.bacote@csa.virginia.gov)*

*or*

*Ty F. Parr, MPA*

*CSA Program Auditor*

*Phone: (804) 662-7451*

*Email: [ty.parr@csa.virginia.gov](mailto:ty.parr@csa.virginia.gov)*

*Office of Comprehensive Services, 1604 Santa Rosa Rd, Wythe Bldg, Suite 137, Richmond, VA 23229*