

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

***Bedford County***

***Audit Report No. 002-2024***

***April 9, 2024***



**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 Bedford County Children's Services Act (CSA) program. The Bedford County CSA program provided services and funding to 148 youth and families in fiscal year FY 2024 and 213 in FY 2023. The audit included reviewing and evaluating management oversight, operational, and fiscal practices. Based upon established statewide CSA outcome measures reported for FY 2023, significant achievements for the Bedford County CSA program were as follows:


- Eighty-four percent (84%) of the youth and families received community-based services, an increase of 2.3% over the previous year.
- Net expenditures decreased by four percent (4%) from FY 2022 to FY 2023.

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

- A comparison of Title IV-E and CSA expenditures for those clients determined CSA-reimbursed maintenance payments totaling \$572.15 for two (2) confirmed IV-E eligible clients, resulting in questioned costs of \$417.37 (state share). For the review period, OCS financial reports do not accurately indicate and/or record adjusting entries to correct/refund the payment errors as required by CSA Policy 4.5.2, Items e and f, Pool Fund Reimbursement.
- CSA reimbursed foster care maintenance payments for one (1) client that exceeded the allowable rate. As a result, the use of State pool funds totaling \$385.07 (state share) is questioned.
- Formal performance measures, continuous quality improvement practices, and procedures to assess overall program effectiveness have not been established in accordance with COV 2.2-5206, items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence the performance of continuous quality improvement/utilization review (CQI/UR) activities.

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

  
Rendell R. Briggs, CAMS  
Program Auditor

  
Stephanie S. Bacote, CIGA  
Program Audit Manager

## **INTRODUCTION**

The Office of Children's Services has completed a financial/compliance audit of the Bedford 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 to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on April 8, 2024, and covered August 1, 2022 through July 31, 2023.

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 the implementation of quality improvements addressing prior audit observations reported by OCS in the final report dated August 13, 2019.

The scope of our audit included all youth and their families who received CSA-funded services during the audit period. Audit procedures included reviews of relevant laws, policies, procedures, and regulations; interviews with various CSA stakeholders; tests and examination of records; and other necessary audit procedures to meet the audit objectives.



## BACKGROUND

Established in 1754, Bedford County is in the Piedmont region of the Commonwealth of Virginia. According to the U.S. Census Bureau, State and County Quick Facts, as of July 1, 2022, the population estimate is 80,848. The median household income from 2018-2022 was \$74,773.00.

The Children's Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for 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), which plans and oversees services to youth. The Bedford County CPMT has established three Family Assessment and Planning Teams (FAPT) responsible for recommending appropriate services to eligible children and families. The CPMT is supported administratively by a CSA Coordinator. Expenditure demographics for fiscal years 2020 to 2024 are depicted below.

Source: CSA Data and Outcomes Dashboard  
(Web link: [Data and Outcomes Dashboard \(COI\)](#))

### At-A-Glance

	2020	2021	2022	2023
<b>Distinct Child Count</b>	240	225	195	213
<b>Net Expenditures</b>	\$6.3M	\$5.5M	\$5.3M	\$5.1M
<b>Local Net Match</b>	\$1.9M	\$1.7M	\$1.5M	\$1.5M
<b>Average Expenditure</b>	\$26,344	\$24,317	\$27,190	\$24,058
<b>Base Match Rate</b>	0.3111	0.3111	0.3111	0.3111
<b>Effective Match Rate</b>	0.3009	0.3035	0.2897	0.2916

*COI dashboard data consist of information submitted by individual Virginia localities for youth receiving CSA-funded services in the reporting period.*

## OBSERVATIONS AND RECOMMENDATIONS

### A) FISCAL ACTIVITIES

**Observation #1:**

**Criteria:** **Compliance and Internal Control**

Expenditure reimbursements totaling \$2,094.31 (state share) were requested and processed for payment of services where the requirements for compliance with state and local CSA policies and procedures were unmet. CSA pool funds were expended on behalf of four (4) clients whose services funded were eligible for another funding source (Title IV-E) or an inappropriate expenditure. Refer to the tables below for a detailed breakdown of the costs questioned.

1. The Virginia Department of Social Services conducted a Quality Assurance and Accountability Title IV-E Compliance Review. A comparison of IV-E and CSA expenditures for those clients determined CSA-reimbursed maintenance payments for confirmed IV-E eligible clients. For the review period, OCS financial reports do not accurately indicate and/or record adjusting entries to correct/refund the payment errors as required by CSA Policy 4.5.2, Items e and f, Pool Fund Reimbursement. Refer to Table A for a detailed breakdown of questioned costs.

Table A			
Title IV-E/CSA Payment Errors - Fiscal Impact			
COV 2.2-5211 and CSA Policy 4.52 Pool Fund Reimbursement			
Questioned Costs			
Client ID	Service Period	Total	State Share
1	7/26/2022	\$149.21	\$126.01
2	03/08/2023 - 05/31/2023	\$422.94	\$291.36
<b>Total</b>		<b>\$572.15</b>	<b>\$417.37</b>

2. CSA-reimbursed foster care maintenance payments that exceeded the allowable rate, resulting from an extended temporary absence (26 days). Per VDSS Foster Care Manual, Section [E. Foster Care, 18.1.4 General Guidance Regarding Maintenance Payments](#), state pool funds may not be used to fund the placement beyond 14 days following the initial date of the temporary absence from the placement. As a result, the use of State pool funds for the remaining 12 days of the temporary absence is questionable. (See Table B).

Table B			
Inappropriate Expenditure			
CSA Policy 4.5.2 Pool Fund Reimbursement			
VDSS Policy Section E 18.1.4			
Questioned Costs			
Client ID	Service Period	Total	State Share
3	07/08/2023 - 07/19/2023	\$558.97	\$385.07

#### **Recommendations:**

1. Before authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation, such as consideration of other funding streams, should be maintained as justification for CPMT funding decisions.
2. A quality assurance procedure should be established by the CPMT that includes but is not limited to a) review of Quarterly IV-E Quality Assurance Accountability (QAA) Reports to assess fiscal implications for CSA funding; (b) monitoring foster care cases funded by CSA pending IV-E eligibility determinations; and (c) monitor CSA financial reports to ensure adjusting entries and refunds are recorded accurately and timely.
3. 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:**

1. "Client 1 – After reviewing our records, it was confirmed that youth is in fact a Title IV-E child and the CSA office is working to see if a reimbursement can be made by Title IV-E in the amount of \$149.21."
2. "Client 2 – After reviewing our records, it appears that check 20148762 for \$213.60 was in fact reimbursed to the CSA office from Title IV-E but coded as other. Receipt 1183654 for \$213.60 was applied to the CSA office on 07/17/23. It also appears that check 20148761 for \$1210.00 was also reimbursed to the CSA office from Title IV-E but coded as other. Receipt 1183658 for \$1210.00 was applied to the CSA office on 07/17/23. These reimbursements were made by Title IV-E to correct the overpayment for youth by CSA. There was a transfer of duties, and the new employee was not aware of the correct coding."
3. "Client 3 – After reviewing the referenced section of Foster Care policy, the CSA office agrees that this payment of \$558.97 should have been a local only expense to account for the additional 12 days of this child's stay in respite."

#### **Auditor Comment:**

Refunds totaling \$4,856.16 applicable to Client 2 were confirmed reported as "Other" for FY 2023. However, actual IV-E eligible expenses funded by CSA for the same period were \$5,279.10. The balance of \$422.94 remains outstanding.



## **B) CPMT GOVERNANCE:**

**Observation #2:**

**Criteria:**

**Compliance and Internal Control**

Formal performance measures and continuous quality improvement practices and procedures to assess overall program effectiveness have not been established in accordance with COV §2.2-5206, items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence continuous quality improvement/utilization review (CQI/UR) activities to include:

1. Review of local and statewide data provided in the management report on the number of children served, children placed out of state, demographics, duration of services, child and family outcomes, and performance measures.
2. Tracking 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 absence of this information undermines assurance that CPMT monitoring activities comprehensively address the minimum requirements established in COV § 2.2-5206.13.

### **Recommendations:**

The CPMT should immediately initiate periodic reviews of OCS financial and performance reports depicting local and statewide data as CSA statute requires to demonstrate compliance. Tools to aid the continuous quality improvement process (i.e., utilization management) are available on the CSA website and listed below for your convenience:

- [Data and Outcomes Dashboard \(COI\)](#)
- [Utilization Reports \(https://csa.virginia.gov/OCSReports/Reports/UtilizationReport.aspx\)](https://csa.virginia.gov/OCSReports/Reports/UtilizationReport.aspx)
- **Strategic Planning Tools**
  - [Strategic Planning Tools \(COI\) Documentation Template with Instructions \(Download\)](#)
  - [Strategic Planning Tools \(COI\) Terms and Definitions](#)
  - [Strategic Planning Tools \(COI\) Training](#)

### **Client Comment:**

“The CSA office has addressed this concern through the February CPMT meeting, and the local policy has been revised to include a quarterly review of the Data and Outcomes Dashboard (COI). This quarterly review will include the UR reports. This will be noted in the CPMT agenda and meeting minutes.

The Bedford County CPMT is finishing up its Strategic Plan and will be including a monthly review of all action items. This will be noted in the CPMT agenda and meeting minutes.”



**Observation #3:**

**Criteria:**

**Compliance and Internal Control**

Written policies and procedures are not aligned with CSA statutes, established guidelines, and/or best practices. Bedford County CSA Policy Manual does not include policies and procedures governing the client/family appeals/due process about FAPT decisions for youth and families. COV §2.2-5206 directs the CPMT to establish such policies.

**Recommendations:**

The Bedford County CSA program should immediately update its policies and procedures manual to document and formally adopt policies and procedures about Appeal/Due Process procedures of FAPT decisions for youth and families in accordance with the COV.

**Client Comment:**

“The Bedford County CSA office, with support of the CPMT, will conduct a review of the local policy manual to ensure that all policies and procedures are in accordance with the COV.”

## **CONCLUSION**

Our audit concluded there were deficiencies in compliance and internal controls over the Bedford County CSA program. Conditions were identified pertaining to operating and fiscal practices of the locally administered program that could adversely affect the effective and efficient use of resources and compliance with statutory requirements. An exit conference was conducted on March 27, 2024 to present the audit results to the Bedford County CPMT. Persons in attendance representing the Bedford County CPMT were as follows:

Adam Pavao, Impact Living Services (CPMT Chair)  
Justin Stauder, Bedford County, County Administration  
Kerry Gately, Central Virginia Health District  
Stephen Swain, Bedford County, Police Department  
Keith Hall, Bedford County, Police Department  
Andrew Crawford, Bedford County, Department of Social Services  
Jennifer Smith-Ramey, Horizon Behavioral Health  
Kelly Jennings, Bedford County Public Schools  
Betsy Smith, Parent Representative  
Tomi Tuner, Bedford County, Department of Social Services  
Kathleen Williams, Bedford County, Department of Social Services  
Kathy McElroy, Bedford County, Department of Social Services  
Alicia Tuck, CSA Coordinator, Bedford County, Department of Social Service  
Glenda Hensley, CSA Administrator Coordinator, Bedford County, Department of Social Service

Rendell R. Briggs, Program Auditor, represented the Office of Children's Services.

We thank the Bedford County Community Policy and Management Team and CSA staff for cooperating and assisting with this audit.

**REPORT DISTRIBUTION**

**Scott Reiner, Executive Director  
Office of Children's Services**

**Robert Hiss, Bedford County Administrator**

**Adam Pavo, CPMT Chair  
Private Provider Representative**

**Amy Burr, CPMT Fiscal Agent**

**Alicia Tuck, CSA Coordinator**