

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

Fairfax-Falls Church

Audit Report No. 05-2021

February 17, 2022



Office of Children's Services
Empowering communities to serve youth

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Report Disclaimer

Due to the COVID-19 pandemic, onsite visits have been suspended until further notice. In lieu of onsite visits, audit procedures were conducted remotely to ensure public health.

EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Fairfax-Falls Church CSA Program. The Fairfax-Falls Church CSA Program provided services and/or funding to 1,039 eligible youth and families in fiscal year (FY) 2021. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide Children's Services Act (CSA) performance measures reported as of FY 2020, significant achievements for the Fairfax-Falls Church CSA Program were:

- One hundred percent (100%) of youth in a residential setting received Intensive Care Coordination (ICC) services which exceeds the statewide average and target by 51% and 25% respectively. ICC is an evidence informed service defined by the State Executive Council (SEC) as appropriate for children who are at risk of entering, or who are placed in residential care.
- Eighty-six (86%) of youth in foster care are in a family like setting, which exceeds the statewide average and target by 2.3% and 1% respectively.
- Seventy-seven (77%) percent of children exiting foster care achieved permanency which is an increase of 9% from FY19. This outcome measure represents exits from foster care to a permanent living arrangement either through adoption, reunification with their biological family, or relative placement.
- Fifty-one (51%) of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) scores within behavioral/emotional needs domain, which is 6% above the statewide average and a 4% improvement from FY19. Decreases in CANS score are indicative of improved functioning.

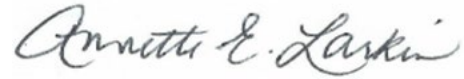
However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in compliance and internal controls relating to governance and fiscal practices. Conditions were identified that could affect the effectiveness 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: (1) increasing the basic foster care maintenance payment above the rate established by the Virginia Department of Social Services (VDSS) and (2) funding of expenditures that were eligible for other funding sources (Title IV-E or Medicaid). The total questioned cost equals \$23,602.36 of which \$12,392.09 represents the state share. As of the report date, Fairfax-Falls Church CSA has reimbursed all but \$1,702.97.
- Financial reports included data errors resulting from misclassification of the expenditure reporting category, applicable match rate, mandate type, and/or service name. Such errors lessens the reliability and integrity of data publicly available and used for decision-making.
- Internal controls established by CSA statutes were not effectively implemented by the Community Policy and Management Team (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. The Statement of Economic Interest (SOEI) form was not completed by a non-public member (private provider alternate) on the Family Assessment and Planning Team (FAPT) as required by Code of Virginia (COV) § 2.2-5207.

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.



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Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Fairfax-Falls Church CSA 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 February 17, 2022 and covered the period March 1, 2020 through February 28, 2021.

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 and/or identified in the prior self-assessment evaluation completed by the Fairfax-Falls Church. The audit report date was August 9, 2018.

The scope of the audit included 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; flowcharts of operational and fiscal processes; various tests and examination of records; and other audit procedures deemed necessary to meet the audit objectives.

BACKGROUND

Established in 1742, Fairfax County is located in Northeastern corner of Virginia. The county encompasses 407 square area miles and is a part of the Washington D.C. metropolitan area, which includes jurisdictions in Northern Virginia, Maryland, and the District of Columbia. According to the U.S. Census Bureau Quick Facts, the estimated population in 2019 was 1,147,532 and the median household income from 2015-2019 was \$124,831, which is second to Loudoun County in terms of income for the Commonwealth.

The City of Fairfax was established as an independent jurisdiction in 1904. The city is 6.34 square miles in size and just 15 miles west of Washington D.C. Fairfax City is the County seat for Fairfax County. According to the U.S. Census Bureau Quick Facts, the estimated population in 2019 was 24,019 and the median household income from 2015-2019 was \$116,969.

Falls Church incorporated as an independent city in 1948 and is approximately 2.05 square miles, which is the smallest independent city by area in the Commonwealth. According to the U.S. Census Bureau Quick Facts, the estimated population in 2019 was 14,617. The median household income from 2015-2019 was \$127,610.

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 Fairfax –Falls Church CPMT is supported by two (2) Family Assessment and Planning Teams (FAPTs) and several multi-disciplinary teams (MDTs) responsible for recommending appropriate services to eligible children and families. Administrative services are managed through local CSA office staffed by 11 team members. The Office is comprised of the CSA Program Manager, a Utilization Review (UR) Manager, three (3) UR analysts, three (3) Management Analyst III, a Management Analyst II, a Team-based Planning Coordinator, and an administrative assistant. Expenditure demographics for fiscal 2017 to 2021 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard

| At-A-Glance | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> | <u>FY 2020</u> | <u>FY 2021</u> |
| 1,430 | 1,311 | 1,252 | 1,149 | 1,039 |
| Distinct Child Count | Distinct Child Count | Distinct Child Count | Distinct Child Count | Distinct Child Count |
| 42.0M | 50.7M | 39.4M | 39.3M | 35.4M |
| Gross Expenditures | Gross Expenditures | Gross Expenditures | Gross Expenditures | Gross Expenditures |
| 40.8M | 38.3M | 38.3M | 38.4M | 34.4M |
| Net Expenditures | Net Expenditures | Net Expenditures | Net Expenditures | Net Expenditures |
| \$28,551 | \$29,221 | \$30,558 | \$33,416 | \$33,146 |
| Average Expenditure | Average Expenditure | Average Expenditure | Average Expenditure | Average Expenditure |
| 0.4611 | 0.4611 | 0.4611 | 0.4611 | 0.4611 |
| Base Match Rates | Base Match Rates | Base Match Rates | Base Match Rate | Base Match Rate |
| 0.4343 | 0.4408 | 0.4355 | 0.4388 | 0.4382 |
| Effective Match Rate | Effective Match Rate | Effective Match Rate | Effective Match Rate | Effective Match Rate |

OBSERVATIONS AND RECOMMENDATIONS

A) FISCAL ACTIVITIES

| | |
|------------------------|--|
| Observation #1: | Compliance and Internal Control |
| Criteria: | |

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with State Executive Council (SEC) and partnering agency policies and procedures were not met as follows:

1. Fairfax Department of Family Services (DFS) improperly increased the established Virginia Department of Social Services (VDSS) foster care basic maintenance rate. Upon assuming custody and initial placement, DFS paid local foster families an additional \$75 per day for the first five days of placement. According to local officials, the \$75 per day is the respite rate approved through a VDSS state grant. DFS rationale for this practice was the turnaround time for children returning home or custody transfer to a relative and the preliminary removal hearing. However, the *VDSS Child and Family Services Manual Section E. Foster Care 18 Funding Maintenance Cost* states “that LDSS shall not decrease or increase the state-determined basic maintenance rates to foster parents.”

In collaboration with Fairfax-Falls Church CSA Office, 61 clients were identified where Fairfax DFS provided the \$75 emergency placement rate. The additional payments resulted in questioned cost \$18,202.35, of which \$9,809.25 represents the state share. Refer to Table 1 on the next page for a breakdown of the questioned cost. Prior to this report, the Fairfax County CSA Office has refunded the ineligible expenditures.

2. CSA pool funds were used in lieu of title IV-E funds for child care expenses for title IV-E eligible youth. Code of Virginia (COV) § 2.2-5211 states “the community services board, the local school division, local social services agency, court service unit or Department of Juvenile Justice shall continue to be responsible for providing services identified in individual family service plans that are within the agency's scope of responsibility and that are funded separately from the state pool.” The child care expenditures paid by CSA on behalf of the three (3) IV-E clients during the review period equaled \$2,110.00, of which \$1,133.32 represents the state share. Fairfax County CSA submitted refunds for 2 out of the 3 clients. The balance remaining is \$309.33. Refer to Table 1 on the next page for a breakdown of the questioned cost.
3. Per the Appropriation Act, “Community Policy and Management Teams shall use Medicaid-funded services whenever they are available for the appropriate treatment of children and youth receiving services under the Children’s Services Act. Effective July 1, 2009, pool funds shall not be spent for any service that can be funded through Medicaid for Medicaid-eligible children and youth except when Medicaid-funded services are unavailable or inappropriate for meeting the needs of a child.” CSA pool funds were improperly expended for Medicaid eligible services for a psychiatric residential placement for Medicaid eligible client. The total questioned cost equals \$3,290 (state and local share) of which \$1,393.64 represents the state share. Refer to Table 1 on the next page for a breakdown of the questioned cost.

Table 1

| Client | Error Type | Period of Services | Total Expenditures | State Share to be Reimbursed |
|---|-------------------|------------------------------|---------------------------|-------------------------------------|
| A through BI | 1 | July 2018 – June 2021 | \$18,202.35 | \$0** |
| AX | 2 | March 2020 | \$574.00 | \$309.33 |
| BJ | 2 | January 2020 – February 2020 | \$936.00 | \$0** |
| BK | 2 | January 2020 – February 2020 | \$600.00 | \$0** |
| BL | 3 | March 2020 | \$3,290.00 | \$1,393.64 |
| | | | \$23,602.35 | \$1,702.97 |
| Error Description 1- Increased Maintenance Daily Rate \$75; 2-Eligible IV-E Childcare Expense; 3-Medicaid Eligible Expense | | | | |
| **Auditor confirmed expenditures were refunded to OCS in the Local Expenditure and Data Reimbursement System (LEDRS). | | | | |

Recommendations:

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding and partnering agencies. The CPMT should discontinue the practice of increasing the VDSS approved foster care basic maintenance rate for their local foster care homes.
2. The CPMT should ensure that the expenditures are not eligible for other funding sources such as title IV-E and/or Medicaid. Documentation should be maintained as justification for CPMT funding decisions.
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. **“Foster Care Basic Maintenance Rate (Sample A through BI):** DFS did not intend to increase the daily foster care maintenance rate. The additional \$75 a day (respite payment) was thought to be an allowable charge for a certain number of emergency days prior to the hearing. Staff now recognizes the error. The \$18,202.35 correction has been made covers the period of July 2018 through June 2021. The charges were moved to the DFS General Fund, and the state was credited for the state portion. DFS has notified all staff that this charge is not allowable on top of the daily foster care maintenance rate.
2. **CSA pool funds were used in lieu of title IV-E funds (Sample AX, BJ, BK):** DFS acknowledges the \$2,110.00 error in charges to CSA, of which \$1,133.32 represents the state share. The error was associated with for three youth receiving child-care services deemed ineligible for IV-E funding. DFS completed all corrections, including for the \$309.33 on 10/27/21. The error occurred during the confusion of pandemic closures of childcare centers. In October 2021, the auditor notified DFS that IV-E should have been used. Following that identification, corrections were made so that IV-E reimbursed CSA for this expense. Eligibility for IV-E funding was clarified by VDSS in a FUSION Broadcast in April 2020.
3. **Use of Medicaid-funded services whenever available (Sample BL):** DFS acknowledges the error made in charging one youth placed in a residential setting to CSA when the cost should have been referred for Medicaid funding. All unallowed charges of \$3,290 (state and local share), of which \$1,393.64 represents the state share, are in the process of being corrected. Stronger controls are being

implemented to avoid this error in the future, including exploring a systems pop-up note in the Harmony system if the child is determined to be Medicaid eligible as of a certain date.

4. **Quality Improvement Plan to OCS Requested by the Auditor:** DFS believes errors in funding source are not systemic, however it also is committed to strong internal controls and continued strengthening of its system. As recommended, DFS will develop a quality improvement plan for submission to OCS. The plan will address this audit’s recommendations to have controls to ensure that each proposed expenditure meets the criteria for CSA funding and partnering agencies, and to ensure that each expenditure is not eligible for a different funding sources.

The significant \$18,202.35 amount identified in the chart above resulted from a DFS review of three-years time to ensure the proper use of the Respite Payment. Caseworkers and financial staff have been notified of the error and Financial Management supervisors will be reviewing to ensure that amount is not applied again on top of the basic maintenance rate. Ongoing quality review of client expenses by the DFS IV-E Quality Unit (under the Public Assistance Eligibility section) is already in place to ensure that IV-E funding is maximized where possible. These quality reviews are performed, and documented, prior to a P.O. for IV-E services being issued. DFS did miss billing IV-E in the case of the Sample AX, BJ, BK errors. These were related to childcare center closures unique to the pandemic emergency and impacted by changing state guidance on allowability of IV-E funding.

Communications are being increased between program staff, the IV-E quality review unit, and finance staff on state policy changes impacting the use of CSA and IV-E funding. DFS notes that it processes over 21,000 CSA payments in a fiscal year in the range of \$35 to \$40 million, and has been attentive to maximizing Medicaid funding and attributing expenses to IV-E whenever determined to be IV-E Eligible.”

B) DATA INTEGRITY

| Observation #2 | Internal Control |
|----------------|------------------|
| Criteria: | Internal Control |

Data integrity and the reliability of information reported by Fairfax-Falls Church CSA office to OCS needs improvement. Financial reporting errors were identified in 4 out of the 15 (27%) cases reviewed that pertain to expenditure category, applicable match rate, mandate type, and/or service name descriptions. The reporting errors were pervasive throughout the period of review, indicating that internal controls for review and monitoring to ensure data accuracy and integrity are not working as intended. While the errors identified were not fiscally material, it undermines the reliability of publicly available financial and performance data used by state and local stakeholders for decision making. Reporting errors in the expenditure category has a fiscal impact on the locality’s match rate, resulting in questioned cost totaling \$52.12 (state share). Refer to Table 2 for expenditure category errors, Tables 3 and 4 for reporting errors in mandate types and service names respectively.

| Table 2 | | | | | |
|----------------|---------------------------------|---|--|---------------------------|--|
| Client | Period of Services | Incorrect Expenditure Category | Correct Expenditure Category | Value of The Error | Fiscal Impact - Questioned Cost |
| BN | October 2019 paid in March 2020 | (2e) Family Foster Care – Children receiving maintenance and basic activities payments; independent living stipend/arrangements | (1c) Residential Congregate Care—CSA Parental Agreements ; DSS Noncustodial Agreements | \$ 452.00 | \$ 52.12 |
| BO | June 2020 | (2g) Special Education Private Day Placement | (1e) Educational Services - Congregate Care | \$ 5,100.00 | \$ 0 Educational services errors have no affect on the allocation of local match rates |

| Table 3 | | | | | |
|----------------|---------------------------|---|--------------------------------------|---------------------------|---|
| Client | Period of Services | Incorrect Mandate Type | Correct Mandated Type | Value of The Error | Fiscal Impact |
| BM | June 2020 | Foster Care Abuse/ Neglect LDSS Entrustment | Foster Care Abuse/Neglect Prevention | \$ 2,010.00 | \$ 0 Mandate type errors do not affect the allocation of local match rates. |
| | December 2020 | Foster Care CHINS - CSA Parental Agreement | | \$ 1,280.00 | |

| Table 4 | | | | | |
|----------------|---------------------------|-------------------------------|-----------------------------|---------------------------|--|
| Client | Period of Services | Incorrect Service Name | Correct Service Name | Value of The Error | Fiscal Impact |
| BN | August 2020 | Other | Multisystem Therapy | \$ 2,236.00 | \$ 0 Service name errors do not have an affect on the allocation of local match rates. |
| BO | June 2020- July 2020 | Other | Residential Education | \$ 6,140.00 | |
| BQ | September 2020 | Other | Residential Education | \$ 3,428.36 | |

Recommendation

1. The CSA Coordinator and fiscal agents should perform a quality control review to ensure all expenditures are reported under the correct expenditure category, mandates type and service name prior to the submission of the pool reimbursement report each month.
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

1. “DFS values the need for data integrity to achieve the right monetary value to charge to CSA, and to produce quality and accuracy in its LEDRS reporting. As requested by this audit, DFS will develop a quality improvement plan for submission to OCS, addressing steps and controls used to ensure that expenditures are reported under the correct expenditure category, mandate type, service placement type and service name prior to the submission of the pool reimbursement report each month. Coordination is continuously necessary between the case workers and financial staff who select these various codes for a high volume of 21,000 CSA payments annually.
2. **Incorrect Expenditure Category (Sample BN & BO, Table 2, Fiscal impact \$52.12):** DFS agrees with the finding. DFS will wait for instruction from OCS on if it should reimburse that amount to the state.
3. **Incorrect Mandate Type (Sample BM Table 3, \$0 fiscal impact):** DFS agrees with the finding.
4. **Incorrect Service Name (Sample BN Table 4, \$0 fiscal impact):** DFS agrees with the finding.
5. **Incorrect Service Name (Sample BO & BQ Table 4):** DFS had the practice of coding to “Other” for a youth placed in a Level C facility with no IEP for education. Following OCS providing guidance, this practice was corrected.”

C) CPMT GOVERNANCE

| | |
|------------------------|--|
| Observation #3: | |
| Criteria: | Compliance and Internal Control |

Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest. A non-public member serving on FAPT (private provider alternate) did not complete the statement of economic interest (SOEI) form in accordance with the requirements set forth in COV§2.2-5207. 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. 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.

Recommendations:

The CPMT should ensure all parties not representing a public agency and currently serving roles on CPMT and FAPT complete the SOEI forms immediately. Thereafter, newly appointed non-public officials should complete the SOEI forms upon appointment. The CSA office should ensure that filings are maintained in accordance with the Administrative Memo 18-02 dated January 16, 2018.

Client Comment:

“The CSA program acknowledges the oversight in not ensuring that one of the FAPT alternates complete the statement of economic interest. A checklist has been created that will be used whenever someone joins the CPMT and FAPT; this will ensure that all required documentation is completed in a timely manner by the new CPMT and FAPT member as appropriate.”

CONCLUSION

This audit concluded that there were deficiencies in compliance and internal controls over the relating to operational and fiscal practices. Conditions were identified that could affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on January 28, 2022, to present the audit results to the Fairfax-Falls Church CPMT Audit Steering Committee. Persons in attendance representing the Fairfax-Falls Church CPMT Audit Steering Committee were as follows:

Christopher Leonard, CPMT Chair, Deputy Director of Health and Human Services
Michael Becketts, CPMT Member, Department of Family Services Director
Lesley Abashian, CPMT Member, Human Services City of Fairfax Director
Dawn Schaefer, CPMT, Fairfax County Public Schools Director
Janet Bessmer, CSA Director
Theresa Byers, Department of Family Services Finance Manager
Patricia E. Arriaza, CSA Staff

Representing the Office of Children's Services was Annette Larkin, Program Auditor. We would like to thank the Fairfax-Falls Church CPMT and related staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

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Jerry Wilhelm, CPMT Fiscal Agent
Janet Bessmer, CSA Coordinator