

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

***Highland County
Self-Assessment Validation***

Final Audit Report No. 037-2024

September 11, 2024



Office of Children's Services
Empowering communities to serve youth



COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.
Executive Director

OFFICE OF CHILDREN'S SERVICES
Administering the Children's Services Act

September 11, 2024

Natasha Bowers, CPMT Chair
Highland County CSA Program
P. O. Box 558
Monterey, VA 24465

RE: Highland County CSA Program Self-Assessment Validation (SAV)
Final Report, File No. 037-2024

Dear Natasha Bowers,

Per the Office of Children's Services (OCS) Audit Plan for Fiscal Year 2024, the Highland County Community Policy and Management Team (CPMT) has completed and submitted the results of the self-assessment audit of your local Children's Service Act (CSA) Program. Based on the review and examination of the self-assessment workbook and supporting documentation completed by the Highland County CSA program on May 15, 2024, and covering the period April 1, 2023 through March 31, 2024, our independent validation:

Concurs

Partially Concurs

Does Not Concur

The Highland County CPMT concluded that no significant observations of non-compliance or internal control weaknesses were found in the design or operation of the processes or services. The explanations for our assessment results are as follows:

The Highland County CPMT concluded that non-compliance or internal control weakness observations were insignificant. Attachment A includes a summary of internal control weaknesses reported by the CPMT as nonsignificant. However, validation procedures detected deficiencies indicating non-compliance by the local program and internal control weaknesses that the CPMT did not identify. Non-compliance with the statutory requirements of CSA is considered significant because the local program is not operating fully following state law. An adequate system of internal controls is contingent upon the consistent and proper application of established policies and procedures and monitoring oversight by the governing authority to ensure that the program is operating accordingly. Such breakdowns in an organization's internal control structure are considered significant. Specifics of the Highland County CSA Program are detailed on pages 2-4.

**SIGNIFICANT NON-COMPLIANCE OBSERVATIONS
 AND INTERNAL CONTROL WEAKNESS**

Observation 1: Expenditure reimbursements were requested and processed to pay services where the requirements for compliance with state and local CSA policies and procedures were unmet. At least one exception was observed in the three (3) client records examined to validate compliance, resulting in questioned costs totaling \$2,237.39 (state share). The three (3) cases represented all of the CSA-funded cases during the review period. Notable non-compliance observations are detailed in the tables below.

Table A		
Client File Review Exception Summary – Fiscal Impact		
Exception Rate	Description	Questioned Cost (State Share)
66% (2/3)	1. <u>Alternate Funding Source/Ineligible Expense.</u> CSA funds were used to pay daycare expenses for two Title IV-E eligible clients. In addition, the payments were ineligible for CSA and Title IV-E funding because the service provider was not licensed. Criteria: Code of Virginia (COV) §2.2-5211 and CSA Policy 4.6 Denial of Funds.	\$556.02
33% (1/3)	2. <u>Financial Reporting.</u> Foster care maintenance expenses were recorded using the wrong expenditure category and applicable match rate. The error resulted in the local program paying a lower share of the service cost because the community-based rate (.1911) was applied rather than the base rate (.3822). Criteria: CSA Policy 4.5.2 Pool Fund Reimbursements	\$1,681.37
Due to CSA		\$2,237.39

RECOMMENDATIONS

1. Before funding authorization, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding or other appropriate funding sources. Adequate documentation, including consideration of different funding streams, should be maintained as justification for CPMT funding decisions.
2. The CSA Coordinator/Fiscal Agent should record expenditure transactions accurately by applying the appropriate expenditure match rate.
3. The CSA Coordinator/Fiscal Agency should implement month-end procedures, including a quality assurance review of expenditure transactions, to promptly identify and correct potential errors or irregularities.
4. The CPMT should submit a quality improvement plan for review by the OCS Finance Office, including whether it 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.

Observation 2: Data irregularities were observed in the documentation of service planning and funding decisions for two (2) clients. These errors undermine the reliability and integrity of data supporting the appropriateness of services funded and the accuracy of reported outcome and expenditures data. Table B lists the specific exceptions observed.

Table B		
Client File Review Exception Summary – No Fiscal Impact		
Exception Rate	Description	
66% (2/3)	1. <u>Service Planning/Data Collection</u> . The Discharge Child and Adolescent Need and Strengths assessment was not completed per CSA Policy 3.6.5.H, which states, “The Discharge CANS shall be the Comprehensive version of the CANS.” Instead, the last CANS assessment completed was the reassessment version.	
100% (3/3)	2. <u>Data Integrity</u> . The service name descriptions for reported expenditure transactions were miscoded in financial reporting systems. Criteria: CSA Policy 4.5.2	
	Service Name Description Errors	
	Incorrect	Correct
	Treatment Foster Care Case Management (41)	Maintenance – Child Care Assistance (16) Private Foster Care Support, Supervision, and Administration (27)
Maintenance – Clothing Supplement (15)	Maintenance – Basic (14) Maintenance – Child Care Assistance (16)	

RECOMMENDATIONS

1. The FAPT and the CSA Coordinator/Fiscal Agent should ensure that minimum documentation requirements are met and relevant documents, such as discharge CANS assessments, are maintained in individual client case files.
2. Periodic case file reviews should be performed by someone other than the CSA Coordinator/Fiscal agent to establish quality control of client records and to ensure compliance with CSA statutory requirements.
3. The CSA Coordinator/Fiscal Agent should record expenditure transactions accurately by applying the appropriate service name descriptions.

**SIGNIFICANT NON-COMPLIANCE OBSERVATIONS
AND INTERNAL CONTROL WEAKNESS – REPEAT OBSERVATION**

Observation 3: CPMT monthly meeting minutes and accompanying reports did not evidence Continuous Quality Improvement/utilization review (CQI/UR) activities to include:

- A. Reviewing local and statewide data provided in the management reports on the number of children placed out of state, demographics, types of services provided, duration of services, child and family outcomes, and performance measures.
- B. Tracking the utilization and performance of 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, relative’s homes, family-like settings, or their community.

This observation was reported in the prior audits of the Highland County CSA program dated April 3, 2017 and August 8, 2019. A quality improvement plan was developed to address the deficiency, but it is not working as intended. CPMT, as the governing body, is responsible for ongoing monitoring of the QIP to ensure timely implementation of the plan and that the actions taken are continuously working as intended.

Criteria: COV [§ 2.2-5206](#) and [§ 2.2-3707](#)

RECOMMENDATIONS

The CPMT minutes should document the outcome of CQI activities and report strategic planning progress. Utilization management tools and resources are available on the CSA website to support local program efforts to meet compliance requirements. Supporting documentation should be maintained with the recorded minutes. Use the template below at least annually to document CQI activities. Source data is available through the Data and Outcome Dashboard and CSA Utilization Reports.

1. [Strategic Planning Tools \(CQI\) Documentation Template with Instructions \(Download\)](#)
2. Data and Outcomes Dashboard (<https://csa.virginia.gov/Resources/CQIDashboardReport>)
3. CSA Utilization Reports (<https://csa.virginia.gov/Resources/ContinuousQualityImprovement>)

CLIENT RESPONSE – ALL OBSERVATIONS

See Attachment B

OCS respectfully requests that you submit a quality improvement plan (QIP) to address the observations in this report by thirty (30) days from the date of receipt of this report. In addition, we ask that you notify this office when the specified QIP tasks are completed. OCS will conduct a follow-up validation to ensure that quality improvements have been implemented as reported.

We thank the Highland County Community Policy and Management Team, CSA staff, and partners for contributing to the CSA Self-Assessment Workbook. We also acknowledge Beth Armstrong, CSA Coordinator, who provided excellent assistance and cooperation during our review. Ms. Armstrong's efforts enabled the audit staff to resolve any questions/concerns observed during the validation process. Please feel free to contact us should you have any questions.

Sincerely,



Stephanie S. Bacote, CIGA
Program Audit Manager

cc: Scott Reiner, Executive Director
Jerri Botkin, Interim Highland County Administrator
Beth Armstrong, CSA Coordinator/CPMT Fiscal Agent

Attachments



CSA Self-Assessment Validation
Highland County CSA Program Audit- SAV
Summary of Self-Reported Internal Control Weaknesses Observations

Observations	Criteria	Prior Audit Repeat Observation	Quality Improvement Plan Submitted	Quality Improvement Plan Action Date/Status
1. The CSA Coordinator's job description has not been completed.	ARMICS ^{1,2,3}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8/14/2024 In progress
2. A contingency plan has not been documented in the event of an emergency.	ARMICS ^{1,3,4}	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8/14/2024 In progress

ARMICS (Department of Accounts, Agency Risk Management, and Internal Control Standards):

¹Control Environment

²Control Activities:

³Information and Communication

⁴Risk Assessment



CSA Self-Assessment Validation
Highland County CSA Program Audit- SAV

CLIENT COMMENTS – ALL AUDIT OBSERVATIONS

“At our regularly scheduled meeting on Monday September 9, 2024, we reviewed the Draft Audit you provided us. Beth Armstrong acknowledged she had reviewed as well and that she agreed with your findings. There is no reason to challenge anything noted in the draft. Beth Armstrong also takes full responsibility for the errors noted. Several of the team commented on various areas that you reviewed after the meeting that we would like to share. There was agreement that we knew, discussed and determined we had no option with childcare for these two cases so we determined the funds would come from the County funds. The oversight suggestions were excellent, and the team was appreciative of options we can implement to do a better job. The clerical errors will also be monitored more closely as well as contacting OCS to determine if we have it correct prior to sending it in. We also have implemented two new policies (ICC and Records Management) as well as working on strategic planning in the future. A yearly review of policies and procedures has been discussed and another meeting specifically for that will be held to determine roles and timelines. Two team members spoke regarding designee on the CPMT: The Valley CSB designee is sitting in, at times, for the director. A new provider will be coming to Highland to join our current provider so we will have options on who can be designee. The other team member is Designee for a CSU Director who has 12 other localities and cannot attend over an hour away. The Designee is here already on that date, over an hour away, and does provide valuable information from the CSU to our team. We are appreciative of our teams and the time they devote to our FAPT and CPMT on a volunteer basis. We are cognizant of the fact we are the smallest locality in the state of Virginia and have low caseload. Please realize that we also do all the work with one or two people. We do not have various clerks, secretaries and such so at times it is overwhelming for our small staff to do everything required. It is also hard to see the low compensation for our Coordinator who works at least 32 hours per week. We have addressed this with our local board of supervisors but is unresolved at this time. We will continue to review the audit results and make necessary changes to ensure we are operating as we should, and the OCS expects. The team shows great support of the coordinator and willingness to help resolve any issues. Please advise if there is anything else we can do to help make administration and compliance of CSA smoother for all. We believe we have a great history of successful outcomes for our at-risk youth and their families. For 20 plus years of foster care, treatment foster care, residential and use of or implementation of community services, we have never had anything but successful outcomes. That takes hard work, and we have a collaborative team to do just that. Thank you for the time and patience you have given to Highland Co. and our CSA Program. We appreciate your attention to detail and remedies to help us do a better job.”