

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

City of Hopewell

Audit Report No. 03-2021

April 22, 2022



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 City of Hopewell Children's Services Act (CSA) program. The City of Hopewell CSA program provided services and/or funding for approximately 82 youth and families in fiscal year 2021 (FY82). The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported for fiscal year 2021, significant achievements for the Hopewell CSA program were as follows:

- Ninety-four percent (94%) of the youth and families received community-based services, exceeding the statewide average by 8.3%.
- Percent of children in foster care in family-based placements exceeds the statewide target by 6.3%, and is 16.5% above the statewide average.
- One hundred percent (100%) of eligible youth exited foster care to a permanent living arrangement. This represents an 11.1% increase over the previous year, exceeds the statewide target by 14%, and surpasses the statewide average by 18%.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were major deficiencies¹ in compliance and internal controls particularly in reference to fiscal, governance, and operational practices. Conditions were identified that could adversely affect the effectiveness and efficient use of resources, as well as compliance with statutory requirements. Additionally, some observations were also identified in the prior audit report dated September 12, 2017 (repeat observations). The following significant issues were identified:

- Ten (10) case files were examined to confirm that required documentation was maintained in support of and to validate FAPT service planning recommendations and CPMT funding decisions. At least one exception was noted in 90% of the client files reviewed, to include significant exceptions such as: (a) funding services not documented in an approved individualized family services plan (IFSP) or Individualized Education Program (IEP), (b) funded expenditures were eligible for another funding source (e.g. title IV-E), and (c) lack of evidence of utilization review of individual client services. Hopewell was reimbursed \$11,017 (state share) in fiscal years 2020-2021 for expenditures incurred that did not meet compliance requirements. Prior audit reports dated 2017 and 2020 included similar observations.
- CSA 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 Reporting System (LEDRS) Refund reports for indicates that Hopewell has not reported any child support enforcement recoveries in FY 2020-2021 and had not reported any refunds reclaimed under title IV-E for FY 2020.
- The composition of members serving on Hopewell FAPT does not meet the membership requirements established by CSA statute and local policy. A parent representative had not been appointed to the team. Prior audit reports dated 2017 and 2020 included similar observations.

¹ Major deficiency is defined as an internal control deficiency or combination of deficiencies that severely reduces the likelihood that the entity can achieve its' objectives." Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, May 2013.

- The CPMT has not adequately ensured that corrective actions addressing prior audit observations have been implemented timely. Observations similar to those identified in this report were included in prior audit reports issued in 2013, 2017, and 2020. A quality improvement plan was submitted after each of the prior engagements, with the most recent target date for completion established as September 30, 2020. The CPMT, as the governing body, is responsible for ongoing monitoring to ensure timely implementation and the actions taken are continuously working as intended.

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

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the City of Hopewell 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 20, 2022 and covered the period April 1, 2020 through March 31, 2021.

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 September 12, 2017 and June 10, 2020.

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

BACKGROUND

The City of Hopewell is in the Tri-Cities area of the Richmond Metropolitan Statistical Area. Hopewell was established in 1613 and is the second oldest continuously occupied settlement in the United States. According to the U.S. Census Bureau, State and County Quick Facts, the population as of April 1, 2020 was 23,033 and the median household income from 2015-2019 was \$39,030.

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 City of Hopewell CPMT has established three Family Assessment and Planning Teams (FAPT) that are responsible for recommending appropriate services to eligible children and families. The CPMT is supported administratively by a CSA Coordinator and a CSA Specialist. Expenditure demographics for fiscal years 2018 to 2021 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard

(Web link: [CQI Dashboard](#))

At-A-Glance			
<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
101	92	92	82
Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count
3.1M	3.4M	3.1M	2.9M
Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditures
3.0M	3.4M	3.1M	2.9M
Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures
\$30,083	\$37,141	\$33,493	\$35,426
Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure
0.2667	0.2667	0.2667	0.2667
Base Match Rates	Base Match Rates	Base Match Rates	Base Match Rate
0.2620	0.2631	0.2626	0.2624
Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate

**MAJOR DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS**

A) PROGRAM AND FISCAL ACTIVITIES

Observation #1:

Criteria: Compliance and Internal Control – Repeat Observation

Ten (10) client case files were examined to confirm that required documentation was maintained in support of and to validate Family Assessment and Planning Team (FAPT) service planning recommendations and Community Policy and Management Team funding decisions. At least one exception was noted in 90% of the client files reviewed. The results of that review indicate improvement is needed in the documentation of service planning and funding decisions. Hopewell CSA was reimbursed \$11,017.87 (state share) in fiscal years 2020-2021 for expenditures incurred that did not meet compliance requirements. Exceptions noted in Tables A and B below are deemed significant, as they are critical to evidencing the appropriateness of services and compliance with CSA funding requirements.

Table A Client File Review Exceptions – Fiscal Impact				
Exception Rate	Exception Description (Code)			
20% (2/10)	1. Service Plans: Services funded were not documented in an IFSP or IEP provided for verification. (COV § 2.2-5208 and § 2.2-5211)			
30% (3/10)	2. CANS assessments: Missing discharge CANS for two (2) clients and an annual CANS for one (1) client. (CSA Policy 3.6, Mandatory Uniform Assessment)			
10% (1/10)	3. Ineligible Expense/Alternate Funding Source: CSA funded foster care maintenance for a title IV-E eligible client. Questioned Costs of \$4,662.12 were confirmed refunded to CSA in June 2021. (COV § 2.2-5211 , CSA Policy 4.5 Fiscal Procedures; VDSS Child and Family Services Manual, Chapter E Foster Care/Section 18.1.6)			
Exception Code	Service Description	Period	Total Cost	State Share
1	Special Education (SPED) Private Day – Extended School Year	Jul 2020	\$4,104.00	\$3,009.46
	Mentoring/SPED Wrap	Jan 2021	\$1,000.00	\$733.30
2	Mentoring	Oct 2020 – Apr 2021	\$4,450.00	\$3,856.37
3	Foster Care Maintenance	May 2020 – Jul 2020	\$4,662.12	\$3,418.73
Total			\$14,216.12	\$11,017.87
Less: Refund Reported June 2021			(\$4,662.12)	(\$3,418.73)
Reimbursement Due to CSA			\$9,554.00	\$7,599.14

Table B	
Client File Review Exceptions – No Fiscal Impact	
Exception Rate	Exception Description (Code)
90% (9/10)	4. Evidence of utilization reviews. (COV § 2.2-5208)
30% (3/10)	5. Incomplete/missing documentation: Vendor placement agreement, treatment plans, and/or progress reports. (CSA Policy Manual Section 3.5, Records Management)

Similar observations were reported in prior audits of the Hopewell CSA Program dated September 12, 2017 and June 10, 2020. A quality improvement plan was submitted with a target date of September 30, 2020 from the 2020 audit to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

Recommendations:

1. Prior to service planning, the FAPT and the CSA Coordinator should ensure that minimum documentation requirements are met, and relevant documents are maintained in individual client case files.
2. Periodic case file reviews should be performed by someone other than the CSA Coordinator to establish quality control of client records and to ensure compliance with CSA statutory requirements. The CPMT should “review 10% of the total CSA caseload quarterly” as stated in the quality improvement plan dated 10/27/17.
3. CPMT should utilize a checklist that documents deliberations of individual funding authorizations. Section 7 of the CSA User Guide includes a “CAN CSA Pay” process flow that could be adapted for such purposes. The completed checklist should be maintained with the CPMT minutes.
4. The CPMT should monitor the implementation of all quality improvement plans and ensure the remedial actions taken are functioning as intended.
5. 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 of whether the identified actions are acceptable or any additional actions that may be required.

Client Comment:

See Attachment.

Observation #2:

Criteria:

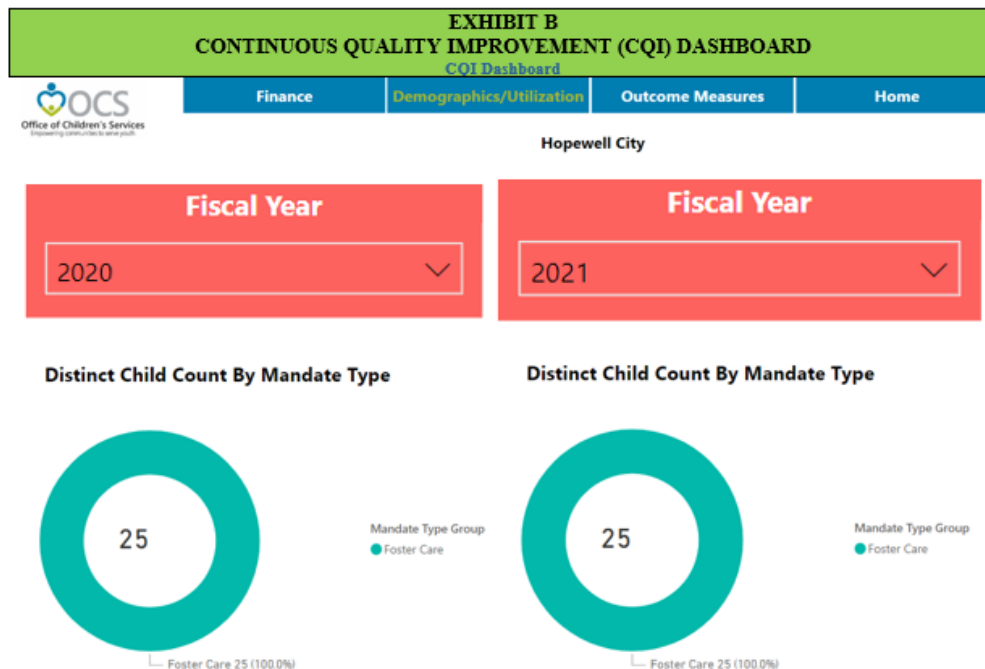
Compliance and Internal Control

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. CSA 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 Reporting System (LEDRS) Refund reports indicate that Hopewell has not reported any child support enforcement recoveries in FY 2020-2021 and had not reported any refunds reclaimed under title IV-E for FY 2020. However, CSA demographic data collected reports 25 foster care clients were funded by CSA in FY 2020 and 2021.

**Exhibit A
LEDRS Refund Reports for FY 2020—2021**

<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
20	670	Hopewell	\$23,802.00	\$105.00	\$4,676.38	\$0.00	\$0.00	\$0.00	\$28,583.38
21	670	Hopewell	\$7,727.25	\$0.00	\$8,623.11	\$0.00	\$25,545.70	\$0.00	\$38,896.06



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
- reclaimed title IV-E expenditures for FY 2020, and
- report the refunds in LEDRS with their next pool reimbursement.

Client Comment:

See Attachment.

B) CPMT GOVERNANCE

Observation #3:

Criteria: Compliance and Internal Control – Repeat Observation

The composition of members serving on Hopewell CPMT and FAPT does not meet the membership requirements established by CSA statute and local policy. Specifically, FAPT did not have a parent representative during the period of review as required by Code of Virginia (COV) 2.2-5207. Evidence of recruitment efforts to fill vacancies was not available for review. The absence of the parent representative from the teams responsible for the administration and implementation of the local CSA could potentially impede the achievement of the highest degree of multi-disciplinary collaboration, as oversight, governance, and service planning are contingent upon active participation by all required members.

Similar observations were reported in the prior audits of the Hopewell CSA Program dated September 12, 2017 and June 10, 2020. A quality improvement plan was submitted with a target date of August 28, 2020 to address the observations. The CPMT, as the governing body, is responsible for ongoing monitoring to ensure timely implementation of the plan and the actions taken are continuously working as intended.

Recommendations:

1. The CPMT should ensure that composition of the FAPT meets the minimum requirements established by CSA statute. The CPMT should actively recruit to fill vacancies when they occur. Documentation of recruitment efforts should be maintained and recorded in the CPMT minutes.
2. The CPMT should consider adopting recruitment strategies suggested in guidance issued by OCS: [Recruiting and Retaining Parent Members on Interagency Teams](#).
3. The CPMT should monitor implementation of all quality improvement plans and ensure the remedial actions taken are functioning as intended.

Client Comment:

See Attachment.

**OTHER DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS**

C) CPMT GOVERNANCE

Observation #4:

Criteria:

Internal Control

The CPMT has formally documented coordination of long-range, community-wide planning as required by COV 2.2-5206. However, target dates of achievement have not been identified and CPMT minutes do not reflect any notations of discussion pertaining to progress monitoring activities towards the achievement of stated goals and objectives. These activities are essential to the planning and decision making processes intended to improve program and outcomes. Prior to concluding the FY 2020 audit, the auditor verbally advised the CPMT to address this concern. The CPMT has not acted on that advice.

Recommendations:

1. The CPMT should update the long-range plan to establish target dates for the achievement of stated goals, objectives, strategies, etc.
2. The CPMT should consider utilizing the Continuous Quality Improvement (CQI) Documentation Template to progress monitoring of the strategic plan. The template with instructions are accessible on the CSA website. [CQI Documentation Template with Instructions \(Download\)](#)

Client Comment:

See Attachment.

Observation #5:

Criteria:

Internal Control

Utilization management activities/continuous quality improvement (CQI) were not evidenced in CPMT minutes. CQI informs decision-making by monitoring and assessing the appropriateness and effectiveness of services and funding. While financial reports were presented monthly, not all data elements referenced in COV 2.2-5206 are addressed such as demographics (beyond child count), length of stay, and reports to General Assembly (Treatment Foster Care, Residential, and Special Education Private Day). Prior to concluding the FY 2020 audit, the auditor verbally advised the CPMT to address this concern and recommended that the CPMT incorporate the CQI Tools in its monitoring activities. The CPMT has not acted on that advice.

Recommendations:

1. The CPMT should incorporate the CQI Tools in its monitoring activities:

[CQI Dashboard](#)

[CQI Dashboard Instructions Manual](#)

[CQI Dashboard Codes](#)

[CQI Documentation Template with Instructions \(Download\)](#)

[CQI Terms and Definitions](#)

[CQI Training](#)

2. The CPMT minutes should document the outcome of CQI activities and supporting documentation should be maintained with the recorded minutes.

Client Comment:

See Attachment.

Observation #6:

Criteria:

Internal Control

Purchase orders were routinely created weeks to months after services had been initiated. Exceptions were noted in five (5 or 50%) of the ten (10) client records examined. Purchase orders are used to document the scope of services to be provided and funding availability/obligation. The routine practice of delayed preparation/approval of purchase orders lessens the effectiveness of the control established to provide oversight of fiscal transactions such as, but not limited to, reviews and authorization, scope of authority/responsibility, documentation, completeness, accuracy, and timeliness.

Recommendations:

1. Purchase orders should be prepared and signed prior to the start of services.

2. CPMT should establish policies to ensure timely issuance of purchase orders, upon receipt of notice of the start of services that met criteria for emergency and/or immediate access.

Client Comment:

See Attachment.

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the City of Hopewell CSA program, particularly in reference to operational and governance practices and fiscal activities. Conditions were identified pertaining to programmatic/statutory compliance, operating, and fiscal practices of the locally administered program that could adversely affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on March 21, 2022, to present the audit results to the City of Hopewell CPMT. Persons in attendance representing the City of Hopewell CPMT were as follows:

F. Woodrow Harris, 6th District Court Service Unit (CPMT Chair)
Jermaine Harris, Hopewell Public Schools
Ray Spicer, Hopewell Department of Social Services
Diana Barnes, District 19 CSB Representative
Dipo Muritala, CPMT Fiscal Agent
Wanda Brown, CSA Manager

Representing the Office of Children's Services was Stephanie Bacote, Program Audit Manager and Courtney Sexton, Program Consultant.

We would like to thank the City of Hopewell Community Policy and Management Team and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

John M. Altman, Jr., Hopewell City Manager

F. Woodrow Harris, CPMT Chair
6th District Court Services Unit

Dipo Muritala, CPMT Fiscal Agent

Wanda Brown, CSA Manager

Attachment – Client Response



Bacote, Stephanie <stephanie.bacote@csa.virginia.gov>

audit responses

Wanda L. Brown <wbrown@hopewellva.gov>
To: "Bacote, Stephanie" <stephanie.bacote@csa.virginia.gov>
Cc: F Harris <woodrow.harris@djj.virginia.gov>

Wed, Apr 20, 2022 at 4:15 PM

Hi Stephanie,

Attached are the audit responses. If you have any questions let me know.

Wanda L. Brown, MA

Children's Services Act Manager

April 19, 2022

CHILDRENS SERVICES ACT--- PROGRAM AUDIT
CITY OF HOPEWELL

To: Stephanie Bacote, Program Audit Manager
From: Wanda Brown, Hopewell CSA Manager

All other program deficiencies will addressed in the corrective action plan for Audit Report No. 03-2021

These explanations are to address the Client File Review per CSA Report No-03-2021

EXCEPTION DESCRIPTION (CODE)

1. **Service Plans: Service funded were not documented in an ISFP or IEP provided verification. (COV 2.2-5208 and 2.2-5211)** Services will not be authorized for payment if CSA documentation is not given to CSA Manager before FAPT meetings.
2. **CANS assessments: Missing discharge CANS for every two clients and an annual CANS for one (1) client.(CSA Policy3.6, Mandatory Uniform Assessment)** No services will be recommended by FAPT or approved by CPMT when CANS is out of compliance. Services are not eligible for CSA funding until a CANS assessment has be finished.

SERVICE DESCRIPTION

1. **Special Education (SPED) Private Day – Extended School Year (\$4104)**, Services will not be paid until an IEP documenting services is provided in the CSA office. Service will not be recommended or approved by CPMT until required documentation is provided.
2. **Mentoring/SPED Wraparound Services (\$1000)**. This service was recommended by FAPT however, due to a clerical error incorrect amount was placed as approved by CPMT. Purchase orders will be double checked for accuracy with approval list **before** being finalized.
3. **Mentoring (\$4450.00)**—The CANS assessment was not provided to CSA office only given date completed on ISFP. All CANS assessments will be manually check for completion by CSA Staff before cases are presented to CPMT for final approval. Services are not eligible for CSA funding until a CANS assessment has been finished.