

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

Lunenburg County

Audit Report No. 02-2021

February 2, 2022

Reissued March 18, 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 safety.

EXECUTIVE SUMMARY

The Office of Children's Services has completed an audit of the Lunenburg County Children's Services Act (CSA) program. The Lunenburg County CSA program provided services and/or funding to 35 and 50 eligible children and families in fiscal years (FY) 2021 and 2020, respectively. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2020, significant achievements for the Lunenburg County CSA program included:

- One hundred percent (100%) of children exiting foster care achieved permanency. This outcome measure represents percent of children who exit from foster care to a permanent living arrangement either through adoption, reunification with their biological family or placement with a relative.
- Eighty-four percent (84 %) of the youth and families received community-based services, which is on par with the statewide average.
- Fifty percent (50%) of youth had a decrease in Child and Adolescent Needs and Strengths (CANS) scores within the strengths domain. A decrease represents in CANS scores an increase in strengths and that interventions are having a desired impact.

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 operational, fiscal, and governance practices. Conditions were identified that could affect the effectiveness and efficient use of resources, as well as compliance with statutory requirements. Additionally, some observations were also identified in prior audit reports dated February 27, 2018 and September 9, 2019. The following significant issues were identified:

- Five (5) client case files were examined to confirm that required documentation was maintained in support of and to validate Family Assessment and Planning Team (FAPT) and/or multi-disciplinary team (MDT) referral and Community Policy and Management Team (CPMT) funding decisions. At least two exceptions were noted in four (4) out of five (5) client cases files examined. Exceptions included the following: (1) data elements are missing from the Individual Family Services Plan (IFSP), such as updated measurable goals and objectives, discharge planning, evidence of parental participation/signatures; and (2) documentation evidencing utilization review of services funded on behalf of individual clients. This observation was reported in the prior audits of the Lunenburg County CSA Program dated February 27, 2018 and September 9, 2019.
- Non-public members serving on CPMT and FAPT did not complete the correct Statement of Economic Interest (SOEI) forms. Members completed the financial disclosure statement (short form) instead of the long form, as directed by Code of Virginia (COV) § 2.2-3117 and OCS Administrative Memo 18-02. A similar observation was reported in the prior audit of the Lunenburg County CSA Program dated February 27, 2018.
- Adequate measures were not 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. Zero collections of parental contributions and child-support on behalf of children in the custody of the local social

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.

services agency were reported in fiscal years 2018 through 2020. This observation was reported in the prior audit of the Lunenburg County CSA Program dated February 27, 2018.

- The CPMT has not adequately ensured that corrective actions addressing prior audit observations have been implemented timely. A quality improvement plan was submitted after each of the prior engagements, with the most recent target date for completion established as November 1, 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



Annette E. Larkin, MBA
Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Lunenburg 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 in order to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on February 2, 2022 and covered the period May 1, 2020 through April 30, 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 improvements addressing prior audit observations reported by OCS in the final reports dated February 27, 2018 and September 9, 2019.

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

Located in south central Virginia, Lunenburg County was established on May 1, 1746 from Brunswick County. According to the US Census Bureau, State and County Quick Facts report, the estimated population in 2016 was 12,273 and the median household income from 2015-2019 was \$44,303. Lunenburg County encompasses 432 square miles and borders the counties of Prince Edward (to the north), Charlotte (to the west), Mecklenburg (to the south) and Brunswick (to the east).

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 CPMT is supported by a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to eligible children and families and a CSA Coordinator. 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>
87	72	64	50	35
Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Cour
1.2M	1.1M	1.2M	1.2M	1.3M
Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditure
1.2M	1.1M	1.2M	1.1M	1.3M
Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures
\$13,275	\$15,387	\$19,040	\$22,428	\$37,574
Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditui
0.1698	0.1698	0.1698	0.1698	0.1698
Base Match Rates	Base Match Rates	Base Match Rates	Base Match Rate	Base Match Rate
0.1295	0.1374	0.1559	0.1572	0.1723
Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rat

OBSERVATIONS AND RECOMMENDATIONS

A) PROGRAM ACTIVITIES

Observation #1:

Criteria:

Compliance and Internal Control - Repeat Observation

Five (5) client case files were examined to confirm that required documentation was maintained in support of, and to validate FAPT and/or multi-disciplinary team (MDT) referrals and CPMT funding decisions. At least two (2) exceptions were noted in 80% (4 of 5) of the client files reviewed. Exceptions included the following: (1) data elements are missing from the Individual Family Services Plan (IFSP), such as updated measurable goals and objectives, discharge planning, evidence of parental participation/signatures; (2) multiple IFSP templates used and/or IFSP being altered after FAPT meeting and (3) documentation evidencing utilization review of services funded on behalf of individual clients. The results of that review indicate improvement is needed in the documentation of service planning activities. Exceptions as noted in the table below are deemed significant, as they are critical to evidencing the appropriateness of services and compliance with CSA requirements.

Table A	
Client File Review Exceptions – No Fiscal Impact	
Exception Rate	Description
(80%) 4 of 5	1. Missing Utilization Review (UR) CSA Policy Manual Section 3.5, Records Management (Repeat observation)
(75%) 3 of 4	2. Multiple IFSP templates used and/or IFSP being altered after FAPT meeting. CSA Policy Manual Section 3.5, Records Management (Repeat observation)
(75%) 3 of 4	3. Individual and Family Services Plans (IFSP) missing data elements (discharge plan, updated measurable goals and objectives, evidence of parental participation and consent to service plan. (CSA Policy Manual Section 3.5, Records Management (Repeat observation))
Note: The period of review occurred during the height of a global pandemic. Due consideration was afforded pertaining to extenuating circumstances for the FAPT to meet in person to ensure the health and well-being of staff and families.	

Similar observations were reported in prior audits of the Lunenburg County CSA Program dated February 27, 2018 and September 9, 2019. Quality improvement plans were submitted with target dates of June 30, 2018 and November 1, 2020 to address the observations.

Recommendations:

1. The FAPT should ensure that a properly completed IFSP is used to record service planning activities, such as but not limited to, discharge planning, evidence of parent/guardian participation and consent to the service plan. When FAPT meetings are being held remotely due to the extenuating circumstances, IFSPs should clearly document the attendance of all team members and whether the parent and/or guardian participated and consented to the service plan.

2. The Lunenburg County CPMT should ensure that the FAPT is using the approved IFSP in accordance with CPMT policies and procedures and inform the FAPT to discontinue using multiple IFSP templates and altering IFSPs after the service planning meeting.
3. Lunenburg CSA adopted OCS' Model IFSP and Model IFSP UR addendum. CPMT policies and/or FAPT procedures should clearly identify the person(s) responsible for completing the required document. The forms should be maintained in the client record to evidence effective Utilization Review (UR).
 - [Model IFSP](#)
 - [Model IFSP UR Addendum](#)
4. 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.

Client Comment:

“The CSA Coordinator is working with the OCS Consultant to improve FAPT practices and procedures, to include a much higher rate of family and provider participation at the meeting.

FAPT case managers are now using the model IFSP on the OCS website. The IFSP is discussed and a plan is agreed upon at the meeting. The plan is documented, signed off on and closed for the CSA file and for CPMT to review, if requested.

The policy currently requires the case manager to fill in the basic information in the plan in order to provide FAPT with the background, the plan is then completed with FAPT. The UR addendum will be incorporated into the FAPT process within the fiscal year. A schedule for a case file review by someone other than the CSA Coordinator will be created and implemented.”

B) CPMT GOVERNANCE

Observation #2:

Criteria:

Compliance and Internal Control - Repeat Observation

Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families. Non-public members serving on CPMT and FAPT did not complete the correct Statement of Economic Interest (SOEI) form. Members completed the financial disclosure statement (short form) instead of the SOEI (long form), as directed by Code of Virginia (COV) § 2.2-3117 and OCS Administrative Memo 18-02.

The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are significantly reduced, based on the possibility that personal interest were potentially not appropriately disclosed by required parties. A similar observation was identified in the audit report issued by OCS dated February 27, 2018. Administrative Memo 18-02 was issued January 16, 2018 and provided specific guidance for non-public members to complete the long forms. The Lunenburg County CSA office subsequently reported to OCS that the quality improvement plan (QIP) submitted in response to the OCS audit observations had been implemented in April 2018.

Recommendations:

The CPMT should ensure all parties not representing a public agency and currently serving roles on CPMT and FAPT complete the SOEI (long form) 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:

“SOEI have been sent out for 2022 and the correct versions will be filed.”

Observation #3:

Criteria:

Internal Control - Repeat Observation

Utilization management is a key element in the Community Policy and Management Team’s (CPMT) monitoring activities and assessment of the appropriateness and effectiveness of services purchased. While August and October 2020 CPMT meeting minutes indicate fiscal reports were provided to the team, the actual reports reviewed by the CPMT were not retained with the minutes and were not otherwise furnished for audit examination. Local representatives also asserted that continuous quality improvement (CQI) reports were presented during the August 2020 meeting. However, the minutes do not reference the data points discussed, outcome of the evaluation, and/or subsequent actions taken. Moreover, there is no evidence of CPMT’s discussion of the performance goals adopted in their long-range plan. The absence of this information undermines assurance that CPMT monitoring activities comprehensively addresses the minimum requirements established in COV [§ 2.2-5206](#).

This observation was reported in prior audits of the Lunenburg County CSA Program dated February 27, 2018 and September 9, 2019. Quality improvement plans were submitted with target dates of May 31, 2018 and July 31, 2020 to address the observations.

Recommendations:

The CPMT should ensure that all documents and management reports presented, reviewed and analyzed should be maintained with the CPMT minutes to evidence formal program evaluation. Results of the continuous quality improvement assessment activities can be documented using a template accessible on the CSA website, and referenced in the recorded minutes of the applicable CPMT meetings. To support local program efforts to meet compliance requirements, utilization management tools and resources are available on the CSA website. Refer to the links below:

- [OCS Continuous Quality Improvement Dashboard](#)
- [CQI Documentation Template with Instructions \(Download\)](#)
- [CQI Training](#)
- [CSA Utilization Reports](#)
- [OCS Reports to the General Assembly](#)

Client Comment:

“Training, outcome and data reports and other CPMT communication will be maintained for the CSA program record. CPMT will continue to make use of the training tools and information available via the OCS website.”

Observation #4:

Criteria:

Internal Control

The Lunenburg CPMT submitted a quality improvement plan (QIP) in response to two (2) prior OCS audits. The purpose of a QIP is to ensure management takes appropriate action to resolve deficiencies in a timely manner. The CPMT, as the governing body, is responsible for on-going monitoring of the QIP to ensure the implementation of the plan and the actions taken are working as intended. As evident by this report, several observations are similar to those reported in prior audit reports issued in 2018 and 2019.

Recommendations:

1. As the governing body, the CPMT should ensure timely implementation of their QIP and continuously monitor to ensure actions taken are working as intended.
2. The CPMT may want to include ongoing monitoring of their QIP as a standing agenda item for their CPMT meetings at least quarterly.

Client Comment:

“The CPMT will have the development of the strategic plan on the schedule on an ongoing basis, as the schedule permits, with the exception of months where urgent agenda items supersede the plan. Items addressed in prior QIPs, as well as the current one, will be incorporated into the strategic plan.”

C) FISCAL ACTIVITIES

Observation #5:

Criteria:

Compliance and Internal Control – Repeat Observation

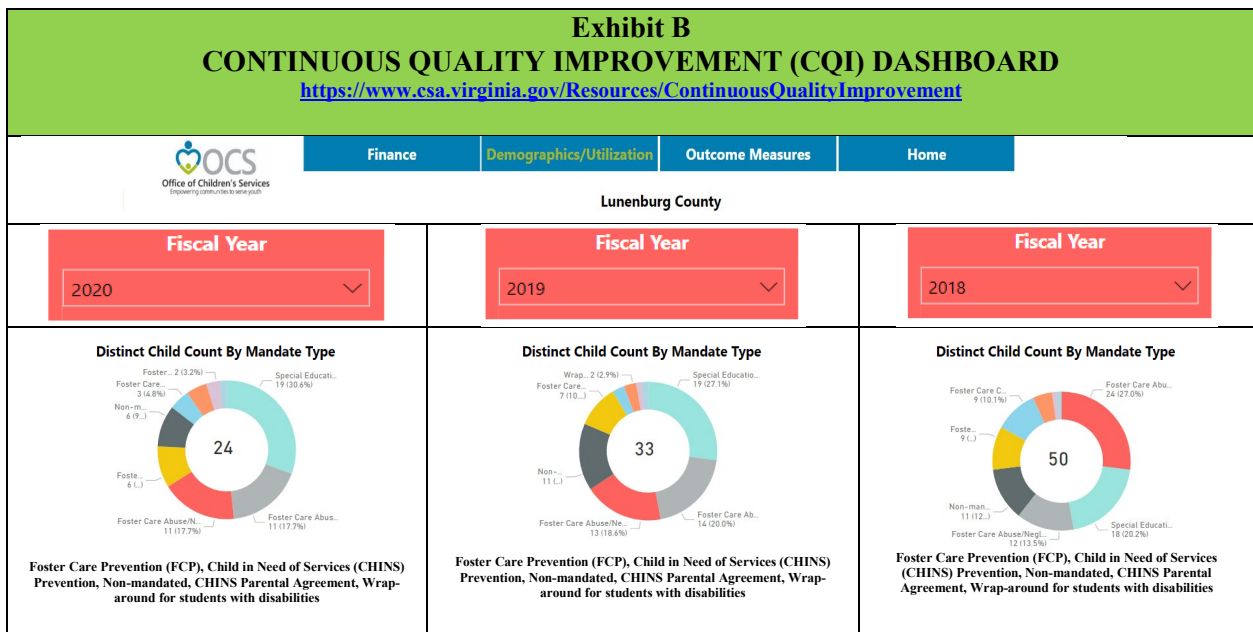
Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool funded services. CSA Policy 4.5.2 Pool Fund Reimbursement requires localities to report at least quarterly all CSA eligible expenditures and applicable refunds in accordance with appropriate expenditure-reporting categories and refund classification. The Local Expenditure Data and Reimbursement System (LEDRS) Refund Reports for FY18 – FY20 indicates that Lunenburg County has not reported any parental copay collections or Child Support Enforcement recoveries (See Exhibit A).

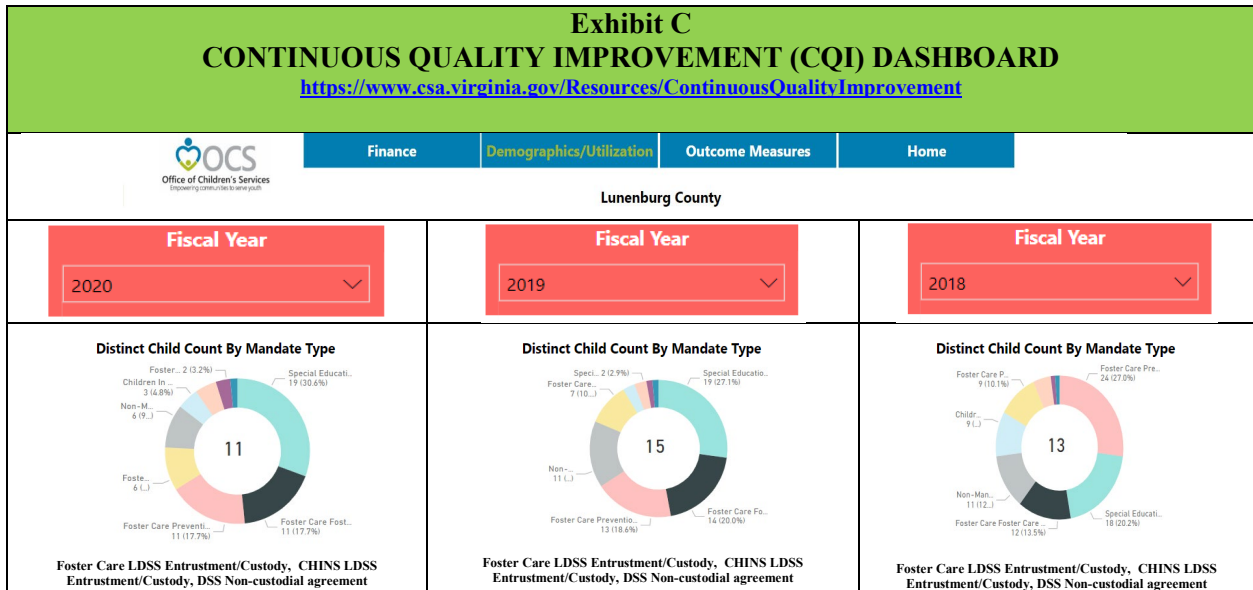
Audit procedures performed confirmed that the parental copay assessment had not been documented for one (1) out of three (3) eligible clients (33%). Further analysis of OCS data reports indicates a distinct child count of 25-50 eligible clients (excluding youth in foster care) from FY18 – FY 20 (See Exhibit B). The

reports also showed that there were 11 to 15 foster care clients that received CSA funded services during that same period (See Exhibit C).

Failure to account for and report all refunds to the CSA program is a violation of SEC Policy 4.5.2. Under these conditions, the opportunity lost for collection of additional funds is significant and could materially impact the local program’s ability to increase funding availability for services required to meet the needs of the community. This non-compliance observation was identified in an audit report issued by OCS dated February 27, 2018. Lunenburg County CSA office subsequently reported to OCS that the quality improvement plan (QIP) submitted in response to the OCS audit observations had been implemented in April 2018.

Exhibit A LEDRS Refund Reports for FY 2018 – 2020 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	111	Lunenburg	\$5,290	-	-	-	-	-	\$5,290
19	111	Lunenburg	\$1,890	-	\$4,437	-	-	-	\$6,327
18	111	Lunenburg	\$5,290	-	-	-	-	-	\$5,290





Recommendations:

1. The CPMT should ensure that the FAPT and the CSA Coordinator document parental ability to pay, supported by verification of stated income or certification stating indigent status. The amount assessed should be reported to the CPMT along with the request for approval for funding of FAPT-referred services. Such documentation should be retained in the case file for the required records retention period.
2. The CPMT should ensure that recoupments from child support are refunded and reported to OCS with their monthly pool fund reimbursement, along with any collection of parental co-payments.
3. Collection and reporting procedures should be established to ensure that the amount received is recorded accurately and timely.

Client Comment:

“Parental co-pay evaluations have been provided for most families; however, the families we serve are overwhelmingly Medicaid recipients and fall into the exempt category due to income. We will review our parental co-pay implementation process and ensure we are not missing collecting a co-payment from families who fall into a higher income bracket. Refunds and reimbursements to the CSA program will be reported electronically to OCS.”

D) DATA INTEGRITY

Observation #6:	
Criteria:	Internal Control - Repeat Observation

Data integrity and the reliability of information reported by Lunenburg County CSA office to OCS needs improvement. In two (2) of the 5 (40%) client case files examined, transactions were incorrectly recorded using the wrong expenditure category and/or service name description. These reporting errors represent

internal control weaknesses in the reliability and integrity of the financial data used by management in decision making and reporting to OCS. Please refer the table below for example of the reporting errors identified.

Expenditure Category/Code			Service Funded	Fiscal Impact
Client	Correct	LEDRS		
B	1E Congregate Care Education	2G Special Education Private Day	Residential Education	Zero (All Errors)
	C	3 Non-mandated	2F Community-based Services	
Service Name Description/Code			Residential Education	
B	Residential Education (29)	Private Day School(26)		
	Enhance Maintenance (17)	Basic Maintenance (14)		
	Private Foster Care, Sup/Supv/Admin (27)	Basic Maintenance (14)	Private Foster Care, Support, Supervision & Administration	
C	Family Support Services (8)	Mentoring (23)	Parent Coaching	

A similar non-compliance observation was identified in an audit report issued by OCS dated February 27, 2018. Lunenburg County CSA office subsequently reported to OCS that the quality improvement plan (QIP) submitted in response to the OCS audit observations had been implemented in April 2018.

Recommendations:

1. The LDSS Business Manager and the CSA Coordinator should work together to ensure expenses are reported correctly (under the correct expenditure code and service name) prior to the recording the transaction into Thomas Brothers (payment processing system).
2. The fiscal agent for the CPMT should perform a quality control review to ensure all expenditures are reported correctly in the pool fund report.

Client Comment:

“Data entry and reporting on CSA funds has been designated to the CSA Coordinator going forward. The fiscal agent will review data submission to OCS and approves or denies, if concerns exists. Those are communicated to the CSA Coordinator who will make appropriate corrections for resubmission.”

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Lunenburg County CSA program, particularly in reference to operational and governance practices and fiscal activities. Conditions were identified pertaining to the programmatic/statutory compliance, operating, and fiscal practices of the locally administered program that could adversely impact the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on Friday, November 19, 2021, to present the audit results to the Lunenburg County CPMT. Persons in attendance representing the Lunenburg County CPMT were as follows:

Cindy Debusk, CPMT Chair and Health Department Representative
Tracy Gee, Fiscal Agent and County Administrator
Edward Pennington, County Board of Supervisor Representative
Dorothy Newcomb, Lunenburg County Department of Social Services Representative
Elizabeth R. Tingen, Lunenburg County Public Schools Representative
Bernadine M. Abernathy, Court Service Unit Representative
Karima Elmadany, Private Provider Representative
Hope Hodgson, CSA Coordinator

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

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services

Tracy Gee, Lunenburg County Administrator
and CPMT Fiscal Agent

Cindy Debusk, CPMT Chair

Hope Hodgson, CSA Coordinator