

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

Middlesex County

***Audit Report No. 16-2024
August 8, 2024***



Office of Children's Services
Empowering communities to serve youth

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The Office of Children's Services (OCS) has completed an audit of the Middlesex County CSA Program. The Middlesex County CSA Program provided services and funding to 16 eligible youth and families in fiscal year (FY) 2023. The audit included reviewing and evaluating management oversight and operational and fiscal practices. Based upon established statewide Children's Services Act (CSA) performance measures reported for FY 2023, significant achievements for the Middlesex County CSA Program were:

- Approximately ninety-four (94%) of youth and families served received only community-based services, exceeding the statewide average by 7%.
- Youth starting services between FY 2019 and FY 2023 improved their initial Child Adolescent Needs and Strengths (CANS) assessment scores by 73% in the child behavioral/emotional needs domain. This outcome measure represents the percentage of youth with a decreased score (indicating an increase in strengths) in the CANS instrument's child behavioral/emotional needs domain from a baseline assessment to the most recent re-assessment.
- Special education youth starting services between FY 2019 and FY 2023 improved their initial CANS assessment scores in the school domain by 60%. This outcome measure represents the percentage of youth whose scores in the school domain of the CANS instrument decreased from a baseline assessment to the most recent re-assessment.

However, additional opportunities exist to improve quality in other CSA program areas. The audit concluded that internal controls regarding governance and operational and fiscal practices were deficient. Conditions were identified that could affect the reliability and integrity of data and compliance with statutory requirements. The following significant issues were identified:

- Formal performance measures and utilization management practices and procedures to assess overall program effectiveness have not been established per Code of Virginia (COV) §2.2-5206, items 6 and 13. CPMT bi-monthly meeting minutes did not evidence utilization management/utilization review (UM/UR) activities.
- Local policies and practices adopted to ensure confidentiality were not functioning as intended. COV §2.2-5210 states, "The agency that refers a youth and family to the team shall be responsible for obtaining the consent required to share agency client information with the team." Consent to exchange information forms were missing from 1 (33%) of 3 special education cases reviewed.
- Expenditures were reported in the incorrect expenditure category, resulting in an overpayment of the state share totaling \$238.75.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the CPMT and other CSA staff. We also acknowledge the excellent assistance and cooperation Leslie Krom, CSA Coordinator, provided during our review. Mrs. Krom's efforts enabled the audit staff to resolve any questions/concerns observed during the audit process. While the CPMT was offered the opportunity, the CPMT did not provide formal responses to the reported audit observations for inclusion in this report.



Stephanie S. Bacote, CIGA
Program Audit Manager



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Program Auditor

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Middlesex County 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 under stated audit objectives to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on August 8, 2024, and covered the period from May 1, 2023, through April 30, 2024.

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 the implementation of quality improvement plans addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Middlesex County CPMT.

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

BACKGROUND

Middlesex County, founded in 1669, is located on Virginia's Middle Peninsula, nestled around the Rappahannock River, Chesapeake Bay, and Piankatank River. Middlesex is a popular tourist attraction for its seafood, as evidenced by its annual Urbanna Oyster Festival. The County is approximately 132 square miles in land area mass and borders the counties of Lancaster, Essex, King and Queen, and Mathews. According to the US Census Bureau Quick Facts 2023, the estimated population was 10,924. The median household income from 2018-2022 was \$69,389.

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, the Community Policy and Management Team (CPMT), that plans and oversees services to youth. Middlesex CPMT is supported by a Family Assessment and Planning Team (FAPT). The CSA Coordinator manages administrative services. Expenditure demographics for fiscal years 2020 to 2023 are depicted below.

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

At-A-Glance

	2020	2021	2022	2023
Distinct Child Count	24	17	13	16
Net Expenditures	\$0.8M	\$0.6M	\$0.6M	\$0.8M
Local Net Match	\$0.4M	\$0.3M	\$0.3M	\$0.3M
Average Expenditure	\$34,055	\$37,998	\$47,248	\$47,357
Base Match Rate	0.4333	0.4333	0.4333	0.4333
Effective Match Rate	0.4293	0.4302	0.4332	0.4320

CQI dashboard data consists of information submitted by individual Virginia localities for youth receiving CSA-funded services in the reporting period. Statewide data was updated through 5/15/24 of the current program year.

OBSERVATIONS AND RECOMMENDATIONS

A) CPMT GOVERNANCE

Observation 1:

Criteria:

Compliance and Internal Control

Formal performance measures and utilization management practices and procedures (e.g., continuous quality improvement) to assess overall program effectiveness have not been established per § COV 2.2-5206, items 6 and 13. Twice a year, the CPMT’s Fiscal Agent shares the link to the Data and Outcomes Dashboard published on the CSA website to evaluate the local program. However, the CPMT bi-monthly meeting minutes did not provide evidence of the specific data points reviewed, conclusions, or action plans resulting from their discussions.

Recommendations:

1. The CPMT should track and report on their progress in meeting their strategic goals and objectives to all stakeholders at least annually to raise further awareness of the CSA program and evidence formal program evaluation activity. The CPMT should consider incorporating continuous quality improvement (CQI) as a standing agenda item for their meetings and document the results of CQI activities in the meeting minutes using the following resources:
 - A. [Strategic Planning Tools \(CQI\) Documentation Template with Instructions \(Download\)](#)
 - B. [Strategic Planning Tools \(CQI\) Terms and Definitions](#)
 - C. [Strategic Planning Tools \(CQI\) Training](#)
2. The CPMT should also periodically review local and statewide data provided in OCS management reports located on the CSA website specifically, but not limited to:
 - A. [CSA Utilization Reports](#)
 - B. [OCS Reports to the General Assembly](#)

B) PROGRAM ACTIVITIES

Observation 2:

Criteria:

Compliance and Internal Control

Local policies and practices adopted to ensure confidentiality were not functioning as intended. Code of Virginia (COV). § 2.2-5210 states, “The agency that refers a youth and family to the team shall be responsible for obtaining the consent required to share agency client information with the team.” Consent to exchange information forms were missing from 1 (33%) of 3 special education case files reviewed. OCS Administrative Memo #23-10 advises local school divisions that parental consent is required to share student records with CPMT, specifically the IEP. Without this information, CPMTs cannot verify the student’s CSA eligibility. This internal control weakness could expose the program to liability for violations of the Federal Educational Rights and Privacy Act (FERPA) or similar statutes and regulations. Upon notification of this non-compliance/internal control weakness, Middlesex CPMT immediately submitted a quality improvement plan to address this deficiency.

Recommendations:

1. The CSA Office should confirm receipt of current consent to exchange information forms before seeking CPMT funding authorization and payment processing. The CSA Office should notify the school division and obtain a proper consent form immediately upon receipt of IEPs and related funding requests that do not have the required consent forms.
2. Periodic case file reviews should be performed at least annually to establish quality control of client records and ensure compliance with CSA statutory requirements, particularly consent to exchange information forms.

C) FINANCIAL ACTIVITIES

Observation 3:

Criteria:

Internal Control

Expenditures incurred for CSA-funded services were not always recorded in the correct expenditure category for financial reporting. For one client case examined, the cost of a service provided in a residential placement (i.e., 1C-Congregate Care) was improperly expensed as community-based services (2F) in two separate transactions. The local match rate for community-based services is less than that for congregate care, resulting in an overpayment of the state share of \$238.75. Refer to the table below for details.

Service Month	Incorrect Expense Category	Match Rate	Correct Expense Category	Match Rate	Variance		
					Total Expenditures	Differential	State Share Overpayment
July-Aug 2023	2F	.2166	1C	.5416	\$734.62	.3250	\$238.75

Recommendations:

1. The CSA Coordinator and the fiscal agent should ensure that expenditures are reported in the correct expenditure category before submitting the monthly pool reimbursement report.
2. The CPMT should submit a quality improvement plan for review by the OCS Finance Office, including whether the CPMT agrees with the observation regarding the questioned cost. 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.

CONCLUSION

This audit concluded that there were deficiencies in internal controls that could affect compliance with statutory requirements. An exit conference was conducted on August 07, 2024, to present the audit results to the Middlesex County CPMT. Persons in attendance representing the Middlesex County CPMT were as follows:

Matt Walker, CPMT Chair/Middlesex County Administrator
Rebecca Morgan, Department of Social Service Director/CPMT Fiscal Agent
Reggie Williams, Middlesex County Board of Supervisors
Alicia Dillon, Middle-Peninsula Northern Neck Community Services Board
Judy Emerson, Three Rivers Health District
Davelin Gresham, Parent Representative
Jenny Pritchett, Private Provider Representative
Shane Hammond, Executive Assistant to County Administrator
Leslie Krom, CSA Coordinator

Stephanie Bacote, Program Audit Manager, represented the Office of Children's Services. We thank Middlesex County CPMT and related staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director

Office of Children's Services

Matt Walker, CPMT Chair/Middlesex County Administrator

Rebecca Morgan, CPMT Fiscal Agent

Leslie Krom, CSA Coordinator