

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

Northumberland County

***Audit Report No. 02-2023
July 19, 2023***



Office of Children's Services
Empowering communities to serve youth

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EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the Northumberland County CSA Program. Northumberland County CSA Program provided services and/or funding to 11 eligible youth and families in fiscal year (FY) 2022. The audit included reviewing and evaluating management oversight, operational, and fiscal practices. Based upon established statewide Children's Services Act (CSA) performance measures reported as of FY 2022, significant achievements for the Northumberland County CSA Program were:

- One hundred percent (100%) of youth in foster care are in a family-based foster care setting, which is approximately 26% percent above the statewide average.
- Seventy-two (72%) of youth and families served by Northumberland County received only community-based services in the fiscal year.

However, there are additional opportunities to improve quality in other CSA program areas. The audit concluded that there was a deficiency in internal controls that could affect compliance with statutory requirements. The non-public member serving on the Family Assessment and Planning Team (FAPT) did not complete the proper conflict of interest disclosure form identified in the Code of Virginia (COV) §2.2-5207. The Financial Disclosure Statement (Short Form) was filed instead of the Statement of Economic Interest Form (Long Form). OCS Administrative Memo #18-02, dated January 16, 2018, provided guidance to local CSA programs regarding filing requirements. The guidance states that non-public members must complete the "long" form as specified in (COV) §2.2-3117 upon appointment.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the CPMT and other CSA staff. The body of the full report includes formal responses from the CPMT to the reported audit observation.



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 Northumberland 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 pursuant to stated audit objectives to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on July 18, 2023, and covered the period from June 1, 2022 through May 31, 2023.

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 Northumberland County CPMT. The audit report date was August 5, 2019.

The audit scope 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 1648, Northumberland County is in the Northern Neck of the Commonwealth. The County seat of Heathsville is the birthplace of former United States Presidents George Washington, James Madison, and James Monroe. Northumberland borders the counties Lancaster (south), Richmond (west), and Westmoreland (north). According to the U.S. Census Bureau Quick Facts, the estimated population in 2022 was 12,302 and the median household income from 2017-2021 was \$61,291.

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. Northumberland County CPMT is supported by a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to eligible children and families. Administrative services are managed through the local CSA office staffed by the CSA Coordinator. Expenditure demographics for fiscal 2019 to 2023 are depicted below.

Source: CSA Data and Outcomes Dashboard

At-A Glance

<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
13	9	8	11	12
Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count
\$0.4M	\$0.2M	\$0.2M	\$0.3M	\$0.3M
Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures
\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M
Local Net Match	Local Net Match	Local Net Match	Local Net Match	Local Net Match
\$27,270	\$21,630	\$27,734	\$29,561	\$24,779
Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure
0.3304	0.3304	0.3304	0.3304	0.3304
Base Match Rates	Base Match Rates	Base Match Rate	Base Match Rate	Base Match Rates
0.3327	0.3268	0.3077	0.3239	0.3261
Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate

CQI dashboard data consist of information submitted by individual Virginia localities for youth receiving CSA-funded services in the reporting period.

OBSERVATION AND RECOMMENDATION

CPMT GOVERNANCE

Observation:

Criteria:

Internal Control

The CPMT did not effectively implement internal controls established by CSA statutes to safeguard against conflicts of interest. The non-public member serving on FAPT did not complete the statement of economic interest (SOEI) form in accordance with the requirements set forth in COV §2.2-5207. The non-public member completed the financial disclosure statement (Short Form) instead of the SOEI (Long Form). OCS Administrative Memo #18-02, dated January 16, 2018, provided guidance to local CSA programs regarding filing requirements. The guidance states that non-public members must complete the “long” form as defined in (COV) §2.2-3117 upon appointment.

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 was not appropriately disclosed by required parties. Upon notification of the deficiency, management took immediate corrective action and the required Statement of Economic Interest Form has since been completed.

Recommendations:

In the future, the CPMT and CSA office should ensure the correct conflict of interest disclosure form is filed by all applicable representatives of CPMT and FAPT in accordance with the guidance outlined in OCS Administrative Memo 18-02 dated January 16, 2018.

Client Comment:

“Concur.”

CONCLUSION

This audit concluded that there was a deficiency in internal controls that could affect compliance with statutory requirements. An exit conference was conducted on July 18, 2023, to present the audit results to Northumberland County CPMT. Persons in attendance representing Northumberland County were as follows:

Jackie Clayton, CPMT Chair and Social Services Director
Victoria Dickerson, Social Services
Danni Plaice, CSA Coordinator

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

REPORT DISTRIBUTION

Scott Reiner, Executive Director
Office of Children's Services
Luttrell Tadlock, Northumberland County Administrator
Jackie L. Clayton, CPMT Chair
Vicky Morris, CPMT Fiscal Agent
Danni Plaice, CSA Coordinator