

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

***City of Petersburg***

***Audit Report No. 07-2021***

***June 17, 2022***



**Office of Children's Services**  
Empowering communities to serve youth

## **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.

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## **EXECUTIVE SUMMARY**

The Office of Children's Services (OCS) has completed an audit of the City of Petersburg Children's Services Act (CSA) Program. The City of Petersburg CSA Program provided services and/or funding for approximately 115 youth and families in Fiscal Year (FY) 2021. The audit included a review and evaluation of management oversight, operational and fiscal practices. Based upon established statewide CSA performance measures reported as of (FY) 2021 significant achievements for the City of Petersburg CSA Program were:

- Seventy percent (70%) of youth indicated a decrease in the Child and Adolescent Needs and Strengths Assessment (CANS) strengths domain, which is seventeen percent (17%) above the statewide average. Decreases in CANS scores are indicative of improved functioning.
- Sixty percent (60%) of youth had a decrease in the CANS school domain, which is twenty percent (20%) above the statewide average and an increase of 4.4% from FY 2020.
- Increasing 50% above the previous year, the percent of children who exit from foster care to a permanent living arrangement was 100%. Petersburg's reported outcome was 18% higher than the statewide average and exceeded the established target by 14%.

However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there were deficiencies in internal controls that could impact the effective and efficient use of resources, as well as compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with state and local CSA policies and procedures were not met, resulting in questioned costs of \$59,635.74 (state share). Specific non-compliance items identified were:
  - administration of the annual Child and Adolescent Needs and Strengths (CANS) assessment;
  - CSA funds were expended for foster care maintenance for a child placed in an unapproved/unlicensed foster home placement;
  - funding expenditures that were eligible for an alternate funding source (i.e. Medicaid and/or Title IVE);
- Non-public and public representatives serving on CPMT and FAPT did not complete the correct Statement of Economic Interest (SOEI) forms as directed by the Code of Virginia (COV) § 2.2-3117 and OCS Administrative Memo 18-02. A similar observation was reported in the prior audit of the City of Petersburg CSA Program dated August 20, 2018.

The Office of Children's Services appreciates the cooperation and assistance provided on behalf of the City of Petersburg CPMT and other CSA staff. Formal responses from the City of Petersburg CPMT to the reported audit observations are included in the body of the full report.



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Stephanie S. Bacote, CIGA  
Program Audit Manager



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Rendell R. Briggs, CAMS  
Program Auditor

## **INTRODUCTION**

The Office of Children's Services (OCS) has completed a financial/compliance audit of the City of Petersburg Children's Services Act (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 in order to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on May 24, 2022 and covered the period June 1, 2020 through May 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 local CSA programs.
- Assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating local CSA program's operational and utilization review practices.
- Assess implementation of quality improvements addressing prior audit observations reported August 20, 2018.

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

Established in 1748, the City of Petersburg is located in the greater Richmond Tri-Cities Area of the Commonwealth of Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, the City of Petersburg has a population estimate of 31,346 as of July 1, 2019. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2015-2019 as \$38,679.

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 local interagency teams referred to as the Community Policy and Management Team (CPMT) who plan and oversee services to youth. The City of Petersburg CPMT was established to comply with this statute. The CPMT is supported in this initiative by the Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services. Administrative services are managed through the local CSA office staffed by a full-time CSA Coordinator. Expenditures and demographics for fiscal years 2018 to 2021 are depicted below:

### CSA Pool & Census Data by Fiscal Year for City of Petersburg (2018 - 2021)

Source: CSA Continuous Quality Improvement (CQI) Dashboard

| <b>At-A-Glance</b>    |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|
| <b><u>FY 2018</u></b> | <b><u>FY 2019</u></b> | <b><u>FY 2020</u></b> | <b><u>FY 2021</u></b> |
| <b>124</b>            | <b>128</b>            | <b>116</b>            | <b>115</b>            |
| Distinct Child Count  | Distinct Child Count  | Distinct Child Count  | Distinct Child Count  |
| <b>4.4M</b>           | <b>4.2M</b>           | <b>4.0M</b>           | <b>3.7M</b>           |
| Gross Expenditures    | Gross Expenditures    | Gross Expenditures    | Gross Expenditures    |
| <b>4.2M</b>           | <b>4.1M</b>           | <b>3.9M</b>           | <b>3.6M</b>           |
| Net Expenditures      | Net Expenditures      | Net Expenditures      | Net Expenditures      |
| <b>\$34,039</b>       | <b>\$31,682</b>       | <b>\$33,959</b>       | <b>\$31,422</b>       |
| Average Expenditure   | Average Expenditure   | Average Expenditure   | Average Expenditure   |
| <b>0.3535</b>         | <b>0.3535</b>         | <b>0.3535</b>         | <b>0.3535</b>         |
| Base Match Rates      | Base Match Rates      | Base Match Rates      | Base Match Rate       |
| <b>0.3345</b>         | <b>0.3486</b>         | <b>0.3451</b>         | <b>0.3394</b>         |
| Effective Match Rate  | Effective Match Rate  | Effective Match Rate  | Effective Match Rate  |

## OBSERVATIONS AND RECOMMENDATIONS


### A. FISCAL ACTIVITIES

#### Compliance and Internal Control

Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with state and local CSA policies and procedures were not met. The Code of Virginia (COV) [§ 2.2-5206](#) directs the CPMT to “establish quality assurance and accountability procedures for program utilization and funds management.” At least one exception was identified in nine (9) of the eleven (11) (82%) client case files reviewed to validate compliance. Refer to Table A below for detailed descriptions of exceptions and a breakdown of the applicable questioned costs.

| Table A<br>Client File Review Exception Summary – Fiscal Impact |   |                         |                     |             |             |
|---|---|-------------------------|---------------------|-------------|-------------|
| Exception Rate  | Exception Code  |                         |                     |             |             |
| 4 of 11 (36%)   | 1. Alternate Funding Source: CSA pool funds used for either 1a. Medicaid eligible and/or 1b. IV-E eligible expense. COV <a href="#">2.2-5211</a> , Current Appropriation Act, and CSA Policy 4.4.2 Medicaid Funded Services |                         |                     |             |             |
| 3 of 11 (27%)   | 2. Financial Reporting Errors: 2a. incorrect match rate and 2b. duplicate payment. COV <a href="#">2.2-5206</a> , CSA Policy 4.5 Fiscal Procedures  |                         |                     |             |             |
| 1 of 11 (9%)  | 3. Initial and/or annual Child and Adolescent Needs and Strengths (CANS) assessments was not completed. COV <a href="#">2.2-5212</a> and CSA Policy <a href="#">3.6.5 Frequency of CANS Administration</a>                  |                         |                     |             |             |
| 1 of 11 (9%)  | 4. Ineligible Payment: Foster Home Placement. COV <a href="#">§ 2.2-2648</a> , <a href="#">2.2-5206</a> , and CSA Policy 4.6 Denial of Funds  |                         |                     |             |             |
| Exception Code  | Client  | Service Description     | Period              | Total Cost  | State Share |
| 1a  | A   | TFC Case Management     | 05/01/20 – 11/30/20 | \$1,959.00  | \$1,266.49  |
| 1a  | B   | TFC Case Management     | 06/01/20 – 07/31/20 | \$653.00    | \$422.16    |
| 1a  | C   | TFC Case Management     | 06/01/20 – 07/31/20 | \$653.00    | \$422.16    |
| 1b  | D   | Foster Care-Maintenance | 05/01/20 – 04/30/21 | \$17,345.00 | \$11,213.54 |
| 2a  | E   | Wrap-Around Services    | 09/08/20 – 05/31/21 | \$1,706.92  | \$1,706.92  |
| 2a  | F   | Wrap-Around Services    | 02/15/21 – 04/30/21 | \$1,195.38  | \$1,195.38  |
| 2b  | I   | Foster Care-Maintenance | 04/06/21 – 04/30/21 | \$3,476.25  | \$2,247.40  |
| 3   | G   | Non Mandated Services   | 01/01/21 -05/31/21  | \$11,450.00 | \$8,425.64  |
| 4   | H   | Foster Care-Maintenance | 03/20/20 – 09/30/20 | \$5,551.68  | \$3,589.16  |
| <b>Total</b>  |   |                         |                     | \$43,990.23 | \$30,488.85 |



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1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation should be maintained such as, but not limited to: verification of Medicaid, Title IV-E eligibility determination, CANS (initial and annual) having been completed, and/or licensure documentation should be maintained as justification for CPMT funding decisions.
  2. The CSA Coordinator and CPMT should ensure proper expenditure reporting categories are used when recording expenditures, and conduct monthly reviews of completed financial reports to verify financial data is accurately presented.
  3. The CSA Coordinator and/or CPMT should conduct periodic reviews of individual transactions included in completed financial reports to identify and correct errors, such as duplicate payments.
  4. 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 based on SEC Policy 4.7 - Response to Audit Findings of whether the identified actions are acceptable or any additional actions that may be required.



“CPMT concurs and accepts the recommendation(s) of the observation and questioned costs.

The CSA Team will conduct quarterly internal case record reviews of randomly selected cases.

The CSA Coordinator and fiscal agent will conduct monthly reviews of financial reports and provide that information to CPMT.

IV-E: DSS has formed an IV-E Team that consists of DSS Services Team Members, Benefits Team Members, Finance Department Team Members and the CSA Program Manager. This team meets bi-weekly to review selected IV-E cases to provide quality assurance reviews.

Medicaid Authorizations: Upon admission into a treatment foster care placement, CSA is requesting documentation of approval or denial of Medicaid authorization of case management be provided by the TFC agency once received.

Initial purchase orders for new foster care cases authorize services for 90 days to allow the IV-E determination process to be completed.”

## Compliance and Internal Control

CSA pool funds were expended for services potentially eligible for an alternate funding source (Title IV-E), resulting in questioned costs of \$29,146.89 (state share). The exceptions below were applicable to CSA funded clients that were also included in a Title IV-E compliance review conducted by the Virginia Department of Social Services. A comparison of IV-E and CSA expenditures for those clients uncovered CSA funded maintenance payments where the clients were confirmed IV-E eligible. For the period of review, OCS financial reports do not indicate any recorded adjusting entries to correct/refund the payment errors as required by CSA Policy 4.5.2, Items e and f, Pool Fund Reimbursement. Table B illustrates the fiscal impact of the errors.

| <b>Table B- Alternate Funding Source-IVE<br/>Client Level Exceptions – Fiscal Impact<br/>COV \$2.2-5211</b> |                     |                    |                    |
|---|---------------------|--------------------|--------------------|
| Client  | Service Period      | Questioned Costs   | State Share        |
| 1   | 12/10/20 – 12/10/20 | \$663.13           | \$430.65           |
| 2   | 10/01/20 – 03/31/21 | \$2,916.00         | \$1,885.19         |
| 3   | 11/01/20 – 05/31/21 | \$3,976.00         | \$2,570.48         |
| 4   | 06/01/20 – 03/31/21 | \$5,680.00         | \$3,672.12         |
| 5   | 06/01/20 – 09/20/20 | \$1,944.00         | \$1,256.80         |
| 6   | 06/01/20 – 05/31/21 | \$5,832.00         | \$3,770.39         |
| 7   | 05/01/20 – 04/30/21 | \$17,878.11        | \$11,558.20        |
| 8   | 06/01/20 – 07/03/20 | \$6,191.89         | \$4,003.06         |
| <b>Total</b>  |                     | <b>\$45,081.13</b> | <b>\$29,146.89</b> |

1. A quality assurance procedure should be established by the CPMT that includes, but not limited to: a) review of Quarterly IVE Quality Assurance Accountability (QAA) Reports to assess fiscal implications for CSA funding; (b) monitor foster care cases funded by CSA pending IV-E eligibility determinations; and (c) monitor CSA financial reports to ensure adjusting entries and/or refunds are recorded accurately and timely.
2. 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 based on SEC Policy 4.7, Response to Audit Findings, of whether there will be any denial of funds, the identified actions are acceptable or if any additional actions that maybe required.

“CPMT concurs and accepts the recommendation(s) of the observation and questioned costs.

DSS has formed an IV-E Team that consists of DSS Services Team Members, Benefits Team Members, Finance Department Team Members and the CSA Program Manager. This team meets bi-weekly to review selected IV-E cases to provide quality assurance reviews.”

**Compliance and Internal Control**

In accordance with COV [§ 2.2-5206](#), [§ 2.2-5208](#) and local policy, the City of Petersburg CPMT shall require a parental contribution assessment for services funded by CSA. A parental copay assessment was not completed for three (3) eligible client files examined for compliance. In addition, zero collections were reported in fiscal years 2017 through 2021 as highlighted in Table C. In accordance with CSA Policy 4.5.2 Pool Fund Reimbursements, refunds are reported along with pool fund expenditure reports. Under these conditions, the opportunity lost for collection of additional funds is significant and could materially affect the local program’s ability to increase funding availability for services required to meet the needs of the community.

| Table C<br>Local Expenditure Data Reporting System (LEDRS) Refund Reports for FY 2017-2021 |            |                |                 |                        |                      |                      |         |              |
|--|------------|----------------|-----------------|------------------------|----------------------|----------------------|---------|--------------|
| FY   | Locality   | Vendor Refunds | Parental Co-Pay | SSA, SSI, VA, Benefits | Support through DCSE | Reclaimed under IV-E | Other   | Total        |
| 17   | Petersburg | \$40,237.14    | \$0.00          | \$0.00                 | \$0.00               | \$30,237.95          | \$0.00  | \$70,475.09  |
| 18   | Petersburg | \$39,159.44    | \$0.00          | \$0.00                 | \$0.00               | -\$19,061.80         | \$0.00  | \$20,097.62  |
| 19   | Petersburg | \$162,817.30   | \$0.00          | \$4,935.00             | \$0.00               | -\$14,000.00         | \$0.00  | \$153,752.30 |
| 20   | Petersburg | \$135,252.00   | \$0.00          | \$6,966.00             | \$0.00               | \$7,955.24           | \$75.00 | \$150,248.20 |
| 21   | Petersburg | \$29,319.93    | \$0.00          | \$9,442.00             | \$3,000.00           | \$0.00               | \$0.00  | \$43,471.93  |

1. The CPMT should ensure that the FAPT and the CSA Coordinator document assessment of 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. Collection and reporting procedures should be established to ensure that the amount received for all refund reporting categories is recorded accurately and timely.

“CPMT concurs and accepts the recommendation(s) of the observation and questioned costs.

Case files will be reviewed during FAPT to ensure Parental Co-Pay Assessments have been completed for appropriate mandates and fee determination, if appropriate.

Determination of co-pay fees will be reviewed for each case presented for CPMT approval.

The CSA Office, DSS Family Services Program Manager, DSS Finance Manager and City Finance are collaborating to develop a plan to track and report collections.”

## **B. CPMT GOVERNANCE**

### **Compliance and Internal Control –Repeat Observation**

Internal controls established by CSA statutes were not effectively implemented by the City of Petersburg CSA Program 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. The non-public and public representatives serving on the CPMT and/or FAPT did not complete the statement of economic interest (SOEI) form as required by (COV) [§ 2.2-5205](#) or [§ 2.2-5207](#) and pursuant to OCS Administrative Memo #18-02 [Statement of Economic Interest Filings for FAPT and CPMT Members](#) directing the filings to be completed upon appointment. Based on the increased possibility that required parties may not have appropriately disclosed personal interests, the effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds could be significantly reduced.

Similar observations were reported in the prior audit of the City of Petersburg CSA Program, Audit dated August 20, 2018, relating to the completion of the Statement of Economic Interest Filings for CPMT/FAPT members. A quality improvement plan was submitted with a target date of 10/16/2018 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.

The CPMT should ensure that the SOEI form is completed immediately for all non-public participating members serving on the CPMT/FAPT and verify that all public members required to complete the form as a condition of employment complied with local statutes. Completed forms should be filed with the clerk of the local governing body in accordance with guidance provided in OCS Administrative Memo #18-02.

“CPMT concurs and accepts the recommendation(s) of the observation.

Members were provided with the SOEI form for FY 21 to complete by September 24, 2021. January 24, 2022: Email and Memo sent to appropriate members requesting receipt of their SOEI by February 1, 2022.”

### **Internal Control**

Petersburg CPMT is not effectively exploring all available funding sources prior to utilization of state pool funds. During the audit period, \$2,860 (state and local share) in CSA funds were expended on family partnership meeting facilitation services for nine (9) clients. However, the Virginia Department of Social Services (VDSS) has allocated Family Partnership Meeting (FPM) Incentive Funds to local Department of Social Services (LDSS) offices.

FPM Incentive Funds are to "assist with costs for local staff expenses associated with conducting FPMs such as payments to trained facilitators for conducting FPMs, search activities to locate and include family members, and payments to coaches for internal facilitators. (See VDSS Broadcasts issued 12/17/2020; 02/01/2021 and 06/07/2021). LDSS offices are eligible to receive \$300.00 for each qualifying FPM held during the identified quarter, which includes the local cash match of 15.5%. The LDSS could collect the incentive funds even where state pool funds were expended to purchase trained facilitators, which is a direct cost associated with conducting FPMs.

Code of Virginia (COV) §2.2-5211 states "the community services board, the local school division, local social services agency, court service unit or Department of Juvenile Justice shall continue to be responsible for providing services identified in individual family service plans that are within the agency's scope of responsibility and that are funded separately from the state pool." The LDSS' acceptance of FPM Incentive Funds for facilitation services funded by CSA is an acknowledgement that the facilitators are an expense associated with conducting FPMs. With that acknowledgement the LDSS is compensated for an expense where the costs incurred were paid by another funding source. Where the local DSS has assumed responsibility for costs incurred and seeks incentive funds for conducting FPMs, the use of CSA state pool funds for FPM facilitators is not the most effective and efficient use of CSA fiscal resources or local government funds, when it pays the local match for applicable CSA funded expenditures.

The CPMT should establish a quality assurance process to ensure all available funding sources, to include but not limited to FPM Incentive Funds, are explored prior to utilization of state pool funds.

"CPMT concurs and accepts the recommendation(s) of the observation.

DSS no longer makes referrals for funding for Family Partnership Meetings as they have trained staff to conduct those meetings. Beginning October 1, 2021, PDSS no longer requests CSA funding for Family Partnership Meetings."

## CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the City of Petersburg CSA program. Conditions were identified that could affect the effectiveness and efficient use of resources as well as compliance with statutory requirements. An exit conference was conducted on May 24, 2022 to present the audit results to the City of Petersburg CPMT. Persons in attendance representing City of Petersburg CPMT were:

Warren Bull, CPMT Chair, Specialized Youth Services, Inc.  
Sabrina Bland, CPMT Fiscal Agent, Petersburg Department of Social Services  
Jacqueline Zemmitt, CSA Coordinator, Petersburg Department of Social Services  
Norris A. Stevenson, Petersburg Department of Social Services  
Lori A. Brown, Petersburg Department of Social Services  
Tracy King, Petersburg Department of Juvenile Justice  
Torrey Manson, Petersburg City Public Schools  
Diana Barnes, District 19 Community Services Board  
Alton Hart, M.D., Crater Health District, Virginia Department of Health  
Jessica Hudson, Crater Health District, Virginia Department of Health

Representing the Office of Children's Services was Rendell R. Briggs, Program Auditor. We would like to thank the City of Petersburg CPMT and related CSA staff for their cooperation and assistance on this audit.

## **REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services  
Kenneth Miller, Petersburg Interim City Manager  
Warren Bull, CPMT Chair  
Specialized Youth Services, Inc.  
Sabrina Bland, CPMT Fiscal Agent  
Jacqueline Zemmitt, CSA Coordinator