



COMMONWEALTH of VIRGINIA

OFFICE OF CHILDREN'S SERVICES *Administering the Children's Services Act*

January 27, 2016

Ms. Susan Clark, CPMT Chair
P.O. Box 166
Galax, VA 24333

RE: City of Galax CSA Program Self-Assessment Validation, File No. 26-2015

Dear Ms. Clark,

In accordance with the Office of Children's Services (OCS) Audit Plan for Fiscal Years 2013-2015, the City of Galax Community Policy and Management Team (CPMT) has completed and submitted the results of the self assessment audit of your local Children's Service Act (CSA) Program by the established due date of January 31, 2013. An on-site visit was scheduled and conducted by OCS Program Auditors on November 21, 2015 to perform the independent validation phase of the process.

Based on the review and examination of the self assessment workbook and supporting documentation provided by the City of Galax CSA program, our independent validation:

Concurs Partially Concurs Does Not Concur

with the conclusion reported by the City of Galax CPMT that no significant observations of non-compliance or internal control weaknesses were found in the design or operation of the processes or services conducted on behalf of the City of Galax CSA program. The explanation for our assessment results are as follows:

The City of Galax Community Policy and Management Team concluded that only non-significant compliance and/or internal control weakness observations noted. However, validation procedures of the locally prepared CSA Self-Assessment Workbook identified major deficiencies¹ indicating non-compliance in the local CSA program. Non-compliance with the statutory requirements of CSA is considered significant because the local program is not operating fully in accordance with the laws of the Commonwealth. Specifics pertaining to the Galax CSA Program are detailed on the following pages.

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.

SIGNIFICANT NON-COMPLIANCE - OBSERVATION 1

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Two (2) out of six (6) case files were examined to confirm that required documentation was maintained in support of and to validate FAPT and/or multi-disciplinary team (MDT) referral and CPMT funding decisions. The results of the examination, identified opportunities for improvements. Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to the coordination and service planning by FAPT. Data omitted from case files reviewed were measurable goals and objectives, valid consent to exchange information, evidence of parental consent and participation in service planning and discharge CANS. Two or more of the identified exceptions were observed in both cases files examined.

Insufficient data collection and poor document management in service planning may affect efficiency and effectiveness of the local program. Further, this condition fosters an environment that makes the program more susceptible to potential loss of accessibility to State funding in support of local programs as a result of non-compliance with CSA statutes regarding service planning and access to pool funds.

CRITERIA: § 2.2-5208. Family assessment and planning team; powers and duties
 CSA Manual section 3.6 Mandatory Uniform Assessment Instrument (Adopted December 18, 2007, Updated May 12, 2008)
 § 2.2-2648.D.22 State Executive Council for Children's Services; membership; meetings; powers and duties ; OCS Policy 3.5 Records Management (Adopted August 28, 1998)

RECOMMENDATION:	<ul style="list-style-type: none"> • The CPMT should ensure that all required documentation is maintained to attest to the service planning activities and funds expended. • The IFSP should contain measurable goals and objectives with stated target dates of completion. • CANS assessments (initial, re-assessment and discharge) should be completed in CANVaS and maintained in client records in accordance with Galax's Utilization Review Policy.
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CLIENT COMMENT:	<ul style="list-style-type: none"> • "CPMT has been informed regarding compliance needs for service planning activities and funds expended. The process began December 2015. • In compliance with the recommendation of the CSA Audit Review, the FAPT/CPMT have been informed regarding the need/expectation for IFSP'S to contain measureable goals and objectives. This has been initiated in December 2015. • CANS assessment will be addressed accordingly. While the records contain initial and reassessment, the discharge has now been completed and will become a part of the on-going process."
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SIGNIFICANT NON-COMPLIANCE- OBSERVATION 2

Internal controls established by CSA statutes and local policy 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 the Family Assessment and Planning Team (FAPT) are not completing the Statement of Economic Interest (SOEI) form as required by statute.

Based on the increased possibility that required parties may not have appropriately disclosed personal interests and the increased opportunity for the same individuals to engage in both the referral and approval of CSA funded services, the effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds could be significantly reduced.

CRITERIA: COV Sections: § 2.2-3100; § 2.2-3101; § 2.2-3115; § 2.2-3117; § 2.2-5205; § 2.2-5206; § 2.2-5207; DOA Agency Risk Management and Internal Control Standards, Control Activities

RECOMMENDATION:	The CPMT for the Galax should ensure that the SOEI form is completed immediately for all non-public participating members serving on the FAPT. Effective July 1, 2015, filing requirement of the Virginia Conflict of Interest Act were revised. Specifics of the changes are noted in Code of Virginia 2.2-3115.
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CLIENT COMMENT:	“Immediately, all non-public participating members serving on FAPT will be required to complete SOEI form in compliance with Code of VA 2.2-3115. Correspondence directed to City Manager’s Office for forwarding documentation for completion.”
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SIGNIFICANT NON-COMPLIANCE- OBSERVATION 3

Adequate measures have not been established and/or implemented by the Galax CPMT to evaluate and ensure accountability and effectiveness of the locally managed CSA program. Opportunities for improvement were noted based on instances of non-compliance with CSA statutory requirements and internal control weaknesses identified as follows:

A formal process documenting utilization management (UM) activity has not been determined or implemented by Galax CPMT. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarize aggregate program outcomes to demonstrate accomplishment of local program goals and objectives and effectiveness of the services provided correlated with the funds expended. Galax CPMT does review financial reports monthly as evidenced in board minutes.

The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of organizational governance. The absence of a formal program evaluation process to ensure that the goals and objectives of the program are met ultimately impacts CPMT efforts to better serve the needs of youth and families in the community and to maximize the use of state and community resources.

CRITERIA: COV § 2.2-5206, Items 4, 6, and 13, 2011 Appropriations Act, Chapter 890, Item 274 § C.3.d., DOA Agency Risk Management and Internal Control Standards, Control Environment	
RECOMMENDATION:	The CPMT should develop a formal process for documenting utilization management (UM) activities which summarize aggregate program outcomes to demonstrate accomplishment of local program goals and objectives and effectiveness of the services provided correlating to the funds expended.
CLIENT COMMENT:	<p>“A formal process will be developed for documentation of utilization management.</p> <p>Galax City CSA Plan: Goal & Objectives will be re-formatted to be objective and measurable to demonstrate accomplishment of the effectiveness of service provided/funds expended.</p> <p>Frequency Annually”</p>

NON-SIGNIFICANT INTERNAL CONTROL WEAKNESSES- OBSERVATON 4	
A formal process has not been established to evidence the reconciliation of CSA reported balances and the locality’s reported general ledger account balances. The OCS auditor was advised that the CSA program relies on the locality’s external auditors to complete the reconciliation. Standard industry best practices dictate cash receipts, appropriation, expenditures and fund balance reconciliations are formally reconciled at least monthly. Monthly reconciliations further enhance the reliability of information pertaining to the availability of pool funds and the financial position of the CSA program that is used for management decision making.	
CRITERIA: DOA Agency Risk Management and Internal Control Standards, Control Activities	
RECOMMENDATION:	The CPMT should ensure that a process is established for fully reconciling the CSA balances, to include appropriations, expenditures, revenues, and cash (where applicable) with local government general ledger accounts.
CLIENT COMMENT:	“In accordance with the recommendation for an established procedure for reconciliation of CSA reported balances and the localities general ledger account balances, the Director of Finance will work with the City’s Auditor to establish an on-going process of reconciliation monthly. The collaboration will begin January 2016.”

The Office of Children’s Services respectfully requests that you submit a quality improvement plan to address the observations outlined in this report no later than 30 days from receipt of this report. In addition, we ask that you notify this office as quality improvement tasks identified are completed. OCS will conduct a follow up validation to ensure the quality improvements have been implemented as reported.

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We would like to thank the Galax Community Policy and Management Team and related CSA staff for their contributions in completing the CSA Self-Assessment Workbook. Please feel free to contact us should you have any questions.

Sincerely,



Annette E. Larkin
Program Auditor

cc: Scott Reiner, Interim Executive Director
Keith Baker, Galax City Manager
Stephanie Bacote, OCS Program Audit Manager