

***COMPREHENSIVE SERVICES ACT
PROGRAM AUDIT***

City of Lynchburg

Audit Report No. 04-2014

April 30, 2014



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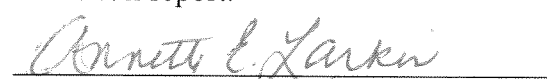
EXECUTIVE SUMMARY

The Office of Comprehensive Services has completed an audit of the City of Lynchburg Comprehensive Services Act for At Risk Youth and Families program. Our audit concluded that there were material weaknesses in internal controls¹, particularly in reference to governance and accountability of the \$4.63 million combined reimbursement (state and local) funding. Conditions were identified that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. The following significant issues were identified:

- 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.
- The CPMT has not documented a formal plan to substantiate coordination of long-range planning that includes an assessment of the current risks, strengths and needs of the existing system, as well as establishing and documenting measurable criteria for evaluating the effectiveness of the local CSA program.
- Written policies and procedures are not consistent with established state CSA requirements, and/or best practices which direct the CPMT to ensure that procedures are established to govern local CSA programs.
- Information and data security practices and procedures pertaining to CSA client records and data have not been consistently applied to ensure that sensitive and confidential information maintained is adequately secured from unauthorized access and/or alteration.
- Expenditure reimbursements were requested and processed for payment of services where the requirements for compliance with local and state CSA policies and procedures were not met. Fiscal records reviewed indicated instances of procedural non-compliance and internal control weaknesses in reviews and approvals/authorizations of expenditures.

The Office of Comprehensive Services appreciates the cooperation and assistance provided on behalf of the City of Lynchburg Community Policy and Management Team and other CSA staff. Formal responses from the City of Lynchburg Community Policy and Management Team to the reported audit observations are included in the body of the full report.


Stephanie S. Bacote, CIGA
Program Auditor


Annette E. Larkin, MBA
Program Auditor

¹ Material weaknesses in internal controls is defined by Statement of Auditing Standards No. 117 issued by the American Institute of Certified Public Accountants as "a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis." The CSA Program audit is not an audit of financial statement, therefore; an opinion on management assertions presented in the locality Comprehensive Annual Financial Report is not being rendered.

INTRODUCTION

The Office Comprehensive Services has completed a financial/compliance audit of the City of Lynchburg Comprehensive Services Act for At-Risk Youth and Families program. The audit was conducted in accordance with generally accepted government 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 April 30, 2014 and covered the period August 1, 2012 through September 30, 2013.

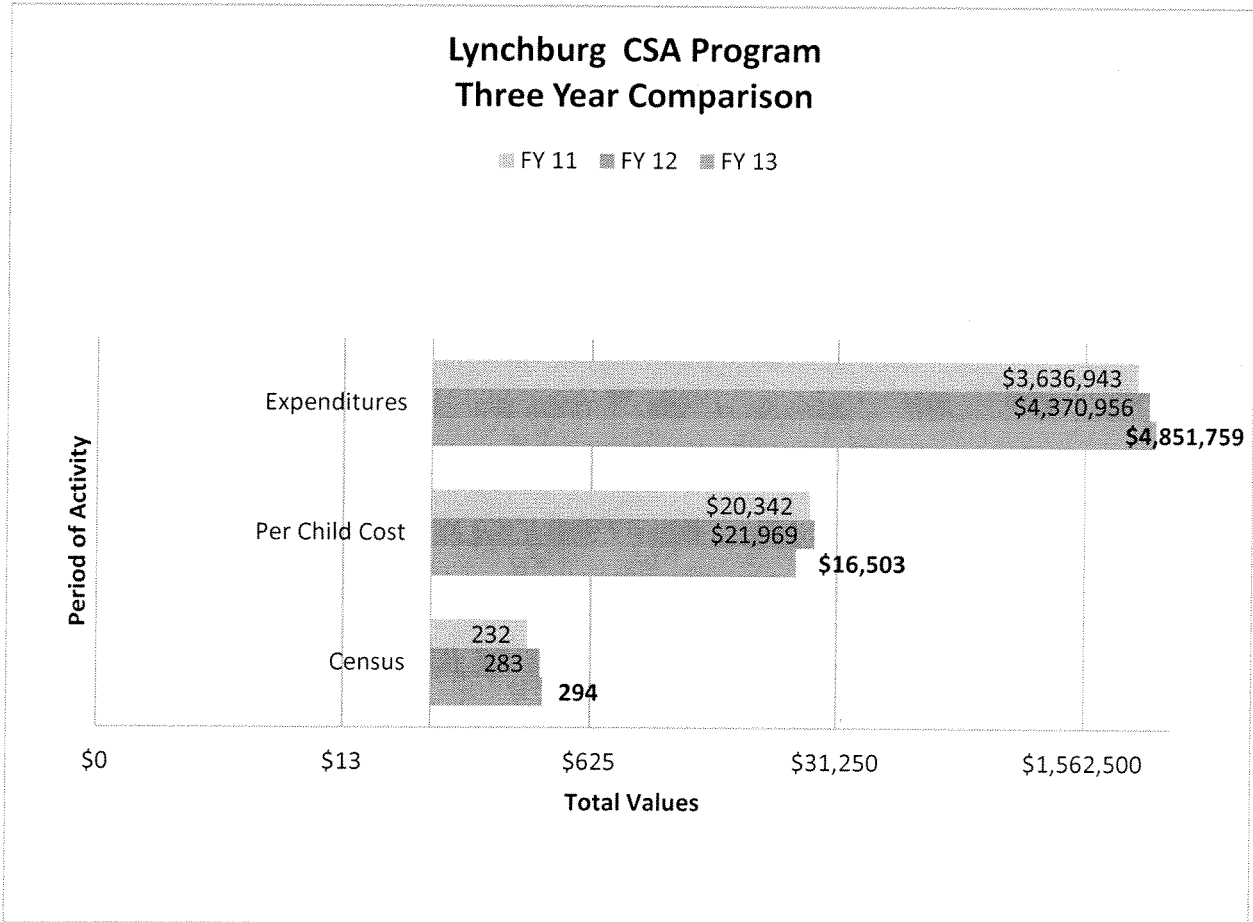
The objectives of the audit were to:

- 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.

The scope of our audit included all youth and their families who received CSA funded services during fiscal year 2013. Audit procedures performed included reviews of relevant laws, policies, procedure, 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.

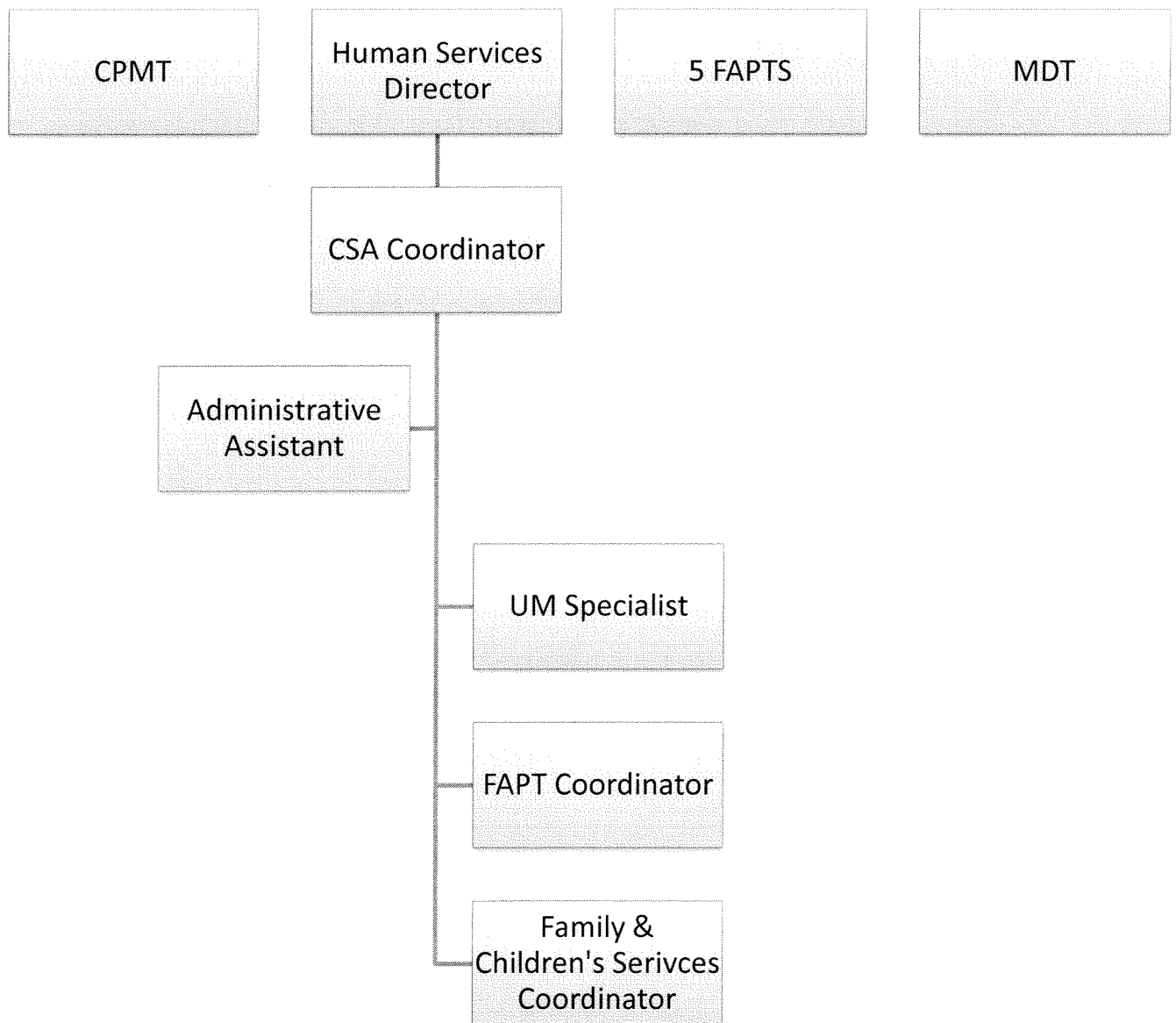
BACKGROUND

The Comprehensive Services Act for At-Risk Youth and Families (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. Of the approximate \$278 million appropriated by the Virginia General Assembly and local governments to fund CSA, the total combined state and local initial allocation for Lynchburg in fiscal year 2013 was \$3,168,810. Actual gross expenditures for this period totaled \$4,851,759, which represents a 65% increase above the initial FY 13 funding allocations. Supplemental funding allocations were requested and granted to cover the increased expenditures for “sum sufficient” services provided to eligible at-risk youth and families. Based on reported figures for the fiscal year 2012, the estimated average per capita cost of CSA in the City of Lynchburg is \$54. A trend analysis of the Lynchburg CSA expenditures, population, and costs per child (“unit cost”) indicated expenditures and the number of clients served increased by 33% and 27% respectively from fiscal year 2011 to 2013. However, the cost per child decreased by 19%. The following charts below depict a comparison for fiscal years 2011 through 2013 combined and by locality.



Source: CSA Website, Statewide Statistics, Pool Expenditure Reports. <http://www.csa.virginia.gov/publicstats/pool/localitybyyear.cfm>

The state funds, combined with local community funds, are managed by local interagency teams, referred to as the “Community Policy and Management Team (CPMT) which plans and oversees services to youth. The City of Lynchburg (CPMT) was established to comply with this statute. The CPMT is supported in this initiative administratively by a CSA Coordinator, a Utilization Manager, a Family Assessment and Planning Team (FAPT) Coordinator, a Family and Children Services Coordinator, Administrative Assistant and 5 FAPT teams and 1 Multi Disciplinary Team (MDT) responsible for recommending appropriate services to at risk children and families. The local management structure for the City of Lynchburg CPMT is as follows:



OBSERVATIONS AND RECOMMENDATIONS

A) CPMT ADMINISTRATION

Observation 1: 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.

- Two instances were observed that demonstrated that the established controls were not working as intended. Statements of Economic Interest Forms were not completed by Lynchburg CPMT and FAPT members that did not represent a public agency as required by statute. Through further inquiry it was determined that none of the private providers or parent representative serving on the FAPT and/or CPMT teams have completed the Statements of Economic Interest Forms. In addition, Lynchburg CPMT did not verify that team members representing public agencies that were required to file such forms complied with the requirement.

The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are significantly reduced based on the increased opportunity for possibility that interest were not appropriately disclosed by required parties.

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

Recommendation: The CPMT for the City of Lynchburg should ensure that the Statement of Economic Interests Form is completed immediately for all non-public participating members of the CPMT and FAPT. In addition, the CPMT should identify public employees required to complete such forms and implement a process to confirm and document compliance with the requirement. Forms should be updated annually and retained in accordance with records retention procedures.

Client Comments: “We agree with this finding. The Lynchburg CPMT will have the Private Provider and Parent Representative complete the Statement of Economic Interest by May 13, 2014. In addition, a supplemental form was created for all other members and this process has been included in the updated policy.”

Observation 2: The CPMT has not documented a formal plan to substantiate coordination of long-range planning that includes an assessment of the current risks, strengths and needs of the existing system, as well as establishing and documenting measurable criteria for evaluating the effectiveness of the local CSA program. Lynchburg local policies and procedures state that the CPMT will appoint a Needs Assessment and Training Subcommittee to coordinate long-range, community wide planning and training to ensure the development of needed services and resources. The subcommittee is also tasked with identifying short and long term goals to ensure that services and resources are developed that are needed to serve the target population. 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 formal planning, coordination, and program evaluation to ensure that the goals and objectives of the program are met ultimately impacts the CPMT efforts to better serve the needs of youth and families in the community and to maximize the use of state and community resources. It was brought to the attention of the auditor that the Needs Assessment and Training Subcommittee was disbanded as of December 2013.

Criteria: COV § 2.2-5206, Items 4, 6, and 13, CSA Manual 3.1.5 Duties and Responsibilities, Toolkit Coordinated Long Range Planning DOA Agency Risk Management and Internal Control Standards, Control Environment CPMT Policies 5.1 Needs Assessment and Training

Recommendation: As required by CSA statute and local policies the Lynchburg CPMT must develop procedures for documenting long-range planning that ensures the development of resources and services needed by children and families in their city. The process should include development of formal risk assessment process and measurable criteria to be used for evaluating program effectiveness, including but not limited to: (1) tracking the utilization and performance of residential placements using data and management reports to develop and implement strategies for returning children placed outside of the Commonwealth, (2) preventing placements, and (3) reducing lengths of stay in residential programs for children who can appropriately and effectively be served in their home, relative's homes, family-like setting, or their community. Lynchburg CPMT should re-consider reinstating the Needs Assessment and Training Subcommittee to complete the long-range plan for their CSA program as the policies and procedures state.

Client Comments: “We agree with this finding and the CPMT has addressed this issue through the inclusion of long-range planning within updated policy. The Bylaw and Policy committee has made suggestions to long-range planning and the CPMT will further develop these plans during quarterly work

sessions and annual CPMT retreat meetings. The CPMT may amend the current duties of a standing committee to review long-range planning”.

Observation 3:

Opportunities exist for the CPMT to improve communication of the local CSA program’s philosophy, goals, objectives, and performance outcomes of Lynchburg CSA Program. While there were several training opportunities provided through-out the year regarding the programmatic operations of the CSA program, stakeholders were not able to articulate the philosophy, performance goals, and objectives, of the local CSA program.

This information should be shared with all team members, community stakeholders and families to create greater awareness and understanding regarding accessibility to services, and also to demonstrate high standards for sound fiscal accountability and responsible use of taxpayer funds. Per Lynchburg local policy 5.4 Needs Assessment and Training states the Needs Assessment and Training Subcommittee is tasked with indentifying training needs so that “services can be provided through a collaborative system of care that is child centered, family-focused and community-based.” In addition, the Subcommittee is tasked to collaborate and work with other agencies and organizations to determine communitywide training needs and to provide the needed training. As mentioned above, it was brought to the attention of the auditor that the Needs Assessment and Training Subcommittee was disbanded as of December 2013.

Criteria:

COV § 2.2-5200 Intent and purpose; definition, Items A4 through A6
COV § 2.2-5206 Community policy and management teams; powers and duties CSA Manual Section 1, Items 4 through 6, CSA Manual Section 3.1.5.c, Toolkit Family Engagement Policy adopted by SEC, DOA Agency Risk Management and Internal Control Standards, Control Environment (Governance) and Control Activities (Monitoring) Lynchburg Local Policy 5.4 Needs Assessment and Training

Recommendation:

The Lynchburg CPMT should implement a process to enhance communication with partnering agencies, families, and community stakeholders to promote the local CSA program and share information on accessing services, philosophy, ethics, goals, performance, etc. The CPMT should consider reinstating the Needs Assessment and Training Subcommittee to evaluate the effectiveness of the following actions that could be instituted immediately, if adopted, would include: (1) adopting the code of ethics established by the local governing body with reference made in the CPMT by-laws and or policies and procedures, (2) creating a webpage communicating program outcomes, (3) developing brochures/newsletters that can be placed in the FAPT waiting room on days when FAPT meetings are scheduled. The same brochure/ newsletter can be distributed to participating agencies for dissemination when

referring families to FAPT for services, (4) conducting periodic assessment of the training needs of its team members, based on the results develop a training curriculum for all stakeholders.

Client Comments: “Agree with finding. The CPMT has included a code of ethics in updated policy and will review local website options at the May 13, 2014 work session. Training is included as a regular CPMT agenda item and various trainings on relevant subject matter are encouraged throughout the year. The CSA Office also provides at least one comprehensive training for local FAPT/CPMT members annually. The CPMT may revamp the duties of a standing committee to evaluate training needs. Local stakeholders will be given copies of the updated Bylaws and Policy/Procedure documents regularly.”

Observation 4: Written policies and procedures are not consistent with established state CSA requirements, and/or best practices which direct the CPMT to ensure that procedures are established to govern local CSA programs. A review of Lynchburg CPMT policies and procedures noted the following criteria were not met:

- The CPMT has not established policies for providing intensive care coordination services for children who are at risk of entering or are placed in residential care through the CSA program in accordance with the criteria established by Code of Virginia Section 2.2-5206 item 17.
- Further, procedures regarding the collection of data for students with disabilities receiving congregate care education services or private day education services have not been documented as required by the joint memorandum issued October 29, 2010 by the Department of Education (DOE) and the Office of Comprehensive Services (OCS).
- The CPMT has not developed and incorporated written policies surrounding Family Engagement practices that require the team to make every effort to fully engage families in the treatment planning process for a child or youth.
- There is outdated language referencing CAFAS in the Quality Assurance and Utilization Management and Needs Assessment and Training sections of the policy manual. CAFAS was officially replaced by the CANS on July 1, 2009.

Inconsistent policies and procedures with state requirements present a material internal control weakness in governance and compliance with statutory requirements. It is to be noted that the CPMT is working on

updating their policies and procedures and that the draft policies and procedures address the above deficiencies.

Criteria: COV § 2.2-5206, Item 17, CSA Policy Manual 3.1.5 Duties and Responsibilities OCS/DOE Joint Memorandum Issued October 29, 2010: Reporting of Student Testing Identifier to CPMT for IEP Placements in Private Programs, CSA Policy Manual Section 8.2 Intensive Care Coordination, COV 2.2-5208, Guidance for Community Policy and Management Teams (CPMTs) on State Executive Council (SEC) Family Engagement Policy; CSA Manual 3.1.5.c. Family Engagement

Recommendation: The Lynchburg CPMT should continue its efforts in updating its policy and procedure manual and officially adopt the updated policies which incorporate the policies that were not addressed in the current manual (as noted above) to ensure compliance with CSA requirements and best practices. In addition the CPMT should also implement a process for managing procedure reviews to include, but not be limited to: effective dates, evidence of periodic reviews, mandatory dates for updating procedures, and CPMT approval of adopted procedures

Client Comments: “Agree with findings. The Lynchburg CPMT has included ICC, Family Engagement, and Collection of data for students with disabilities language in updated CPMT policy/procedure. The assessment tool reference has been changed to CANS (rather than CAFAS) and the CPMT will review these policies at the annual retreat and during work sessions when appropriate. CPMT policy includes the official process for amending the bylaws and policy documents during periodic review. The CPMT and FAPT actively engage families within a culture of family-focused service planning. This includes, but is not limited to, Family Partnership meetings, Foster Care Court plans, CPMT approval of family treatment plans, family FAPT attendance, individual case management and parental co-pay assessments. The locality notes family is consistently incorporated into the child-centered planning associated with CSA related cases.”

B) PROGRAM ACTIVITIES

Observation 5: Information and data security practices and procedures pertaining to CSA client records and data have not been consistently applied to ensure that sensitive and confidential information maintained is adequately secured from unauthorized access and/or alteration.

- Twenty instances were identified where access to the CANVaS system was not deactivated when changes in employees' job responsibilities or separation from agency had occurred. Per the policies and procedures for access to CANVaS when an employee leaves his/her position, supervisors must contact the Help Desk directly or the Designated Super User/Report Administrator for the locality to deactivate a user's account. Leaving accounts open could potentially jeopardize the confidentiality of the information that has been entered.
- Twenty case managers were identified to have expired CANS certification. The policies and procedures for access to CANVaS states that certification on the use of CANS must be renewed annually. The CANVaS system is designed so that users whose CANS certification has expired will not be permitted to complete an assessment. In addition, the system provides users with 90, 60 and 30 day notification prior to the expiration of users' certification.
- Four case managers were identified for not having a signed user agreement on file with the help desk.
- Final Child and Adolescent Needs and Strengths (CANS) Assessments documented in client case records indicated the status as "open". One thousand four hundred and sixty seven cases listed in the CANVaS had assessments with an "open" status ranging between 104 days to 3,504 days. Open CANS data can be manipulated and/or incomplete, which may reduce the reliability, integrity and validity of the data. The CSA office has taken corrective action to close all "open" CANS in the CANVaS as of February 3, 2014. Also the auditor noted 19 instances (7 out of 16 cases tested) where paper CANS had been completed but were not entered into CANVaS.
- Completed consent to exchange or release of information forms were not maintained in two client case files. Failure to complete, document and maintain this information violates CSA statutory requirements.

Criteria: COV § 2.2-2648.D.13; CSA Manual 3.1.6 Confidentiality; 3.2.8, Confidentiality; Policies and Procedures for Access to CANVaS COV § 2.2-5210; COV § 2.2-2648.D.13;

Recommendation: The Lynchburg CPMT should assign the CSA Coordinator or a designee to periodically review individuals with access to automated applications and ensure security requirements are met, active and inactive users are identified, and accounts are removed in a timely manner. Moreover, the CSA Coordinator or designee should monitor CANS certification to

ensure case managers are current using the Locality Staff Certification Expiration List Report in the CANVaS system. The CSA and/or FAPT Coordinator should ensure that file contents include an updated release of information form and that CANS are completed, entered and closed in the CANVaS system.

Client Comments: “Agree with findings. As indicated, the open CANS were closed within the CANVAS system. The Utilization Management Specialist will maintain the accuracy of CANVAS information moving forward. Employee changes should be noted by CPMT and FAPT members so that access to CANVAS may be efficiently monitored. Exchange of Information releases are required as a part of every FAPT meeting. This document may have been misplaced in regard to the files reviewed.”

Observation 6: Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Sixteen case files were examined to confirm that required documentation was maintained and to validate that FAPT and /or multi-disciplinary team (MDT) process was administered appropriately. The results of the examination, identified opportunities for improvements as follows:

- Individual and Family Service Plans (IFSPs) did not contain measurable short and long term goals.
- Family strengths and weaknesses were not always identified.
- Recommended services did not have a start and end date listed on the IFSP, most often it was noted as “TBD” or “ongoing”.
- Evidence of parent or client level participation in the service plan was not evident in case files.

Criteria: Code of Virginia Section 2.2-5209 (<http://leg1.state.va.us/cgi-in/legp504.exe?000+cod+2.2 5209>) CSA Manual 3.2.5. FAPT Duties and Responsibilities. CSA Manual 8.1 and Toolkit “Utilization Management” and Local Policy 4 Quality Assurance and Utilization Management and Review.

Recommendation: The CPMT should ensure that all required elements of the IFSP are properly documented and updated to support recommended services. Short and long-term goals and objectives should be measurable with stated timeframes for achieving stated goals. In addition, the CPMT should ensure client and family involvement in the all phases services planning recommend services or natural supports to address needs identified for the family and/or client.

Client Comments: “Agree with findings. The Lynchburg FAPT Coordinator has communicated with the FAPT subcommittee and the CSA Coordinator regarding FAPT referral information. Stated time frames and measurable objectives are to be included in the final IFSP document. In regard to family service planning, the CPMT and FAPT actively engage families within a culture of family-focused service planning. This includes, but is not limited to, Family Partnership meetings, Foster Care Court plans, CPMT approval of family treatment plans, family FAPT attendance, individual case management and parental co-pay assessments. The locality notes family is consistently incorporated into the child-centered planning associated with CSA related cases.”

Observation 7: Lynchburg CPMT has formal policies and procedures for utilization reviews and utilization management (UR/UM) which align with the state model for UM/UR policy. However, evidence to support UR/UM activities could not be provided to assess the validity and effectiveness of the services purchased, due to staff turnover. It is to be noted that evidence of updated service plans were in all tested clients’ case files with the exception of two to evidence an evaluation of purchased services on a case by case basis.

Lynchburg CPMT policies and procedures identify a Quality Assurance Team which is made up of representatives from social services, community services board, court services, school system, a private provider and the UM Specialist, to perform UR/UM activities. The policy further states that the team will review the utilization of CSA funded services recommended by FAPT and delivered 90 days after the CPMT approval and make formal recommendation regarding the continuation of the services to the CPMT on a monthly basis.

The ability and likelihood of the Lynchburg CPMT to adequately monitor and provide oversight of the local CSA program is an essential component of organizational governance. The absence of formal program evaluation activities to ensure that the goals and objectives of the program are met ultimately impacts the 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 (13); CSA Manual Section 8.1 Utilization Management Lynchburg CPMT section 4 Quality Assurance and Utilization management and Review.

Recommendation: Lynchburg CPMT should adhere to state and local policy to ensure compliance surrounding UM/UR guidelines. The CPMT should ensure that the Quality Assurance Team is performing UM/UR activities as their

policies direct. In addition, the team should maintain all reports to evidence UR/UM activities completed.

Client Comments: “Agree with findings. The CPMT updated policy defines the various components of the locality’s Utilization Management plan and reflects the current Quality Assurance Team’s function. Should additional evidence and documentation become available; the CSA Office will include it in case files and provide this to OCS for review.”

Observation 8: Lynchburg CPMT has not adopted a written policy for the collection and maintenance of State Testing Identifiers (STI) numbers as recommended by OCS guidelines. It is the practice of Lynchburg that Special Education Director that sits on the CPMT collects and maintains the data. However, upon review of the listing the service placement type was not captured. According to the joint memorandum from OCS and the Department of Education dated 10/29/10, beginning FY 2011 “each CPMT should develop a specific procedure locally for the collection and maintenance of this information.” The listing at a minimum should contain the STI number, student name and service placement type. The absence of a formal policy and the incomplete listing represents an internal control weakness for governance and compliance with CSA policies and procedures.

Criteria: CSA Manual Appendix B – Department of Education Tool Kit, Reporting of Student Testing Identifier to CPMT for IEP Placements in Private Programs

Recommendation: Lynchburg CPMT should immediate adopted a STI data collection policy that includes the required data elements and maintain the database and/or listing in accordance with OCS DOE guidance.

Client Comments: “Agree with findings. The CPMT will continue to have the local school division maintain STI numbers as required. The Lynchburg City School’s Director of Special Education or his designee will be provided the appropriate service placement type for record. This process is updated in local CPMT policy.”

C) FISCAL ACTIVITIES

Observation 9: 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.

- In order to be eligible for funding for services through the state pool of funds, a youth, or family with a child, shall meet one or more of the eligibility criteria specified in the Code of Virginia § 2.2-5212 and shall be determined through the use of a uniform assessment instrument and process and by policies of the community policy and management team to have access to these funds. It has been the practice of Lynchburg CSA not to complete CANS assessment for their Individual Education Plan (IEP) special education only clients as those cases do not come before FAPT. IEP cases only are not required under state law to go through FAPT however, a completed CANS assessment is required in order to access CSA pool funds. The auditor tested one IEP case and the total FY 2013 cost for the case equaled \$10,160.00. Based on the information obtain out of the locality profile in the data set for FY 2013, Lynchburg had 26 cases that received educational services in accordance with their IEP. The estimated total cost for these cases are \$595,913.
- It is the practice of Lynchburg to create a purchase order after the board has authorized the service. However, the auditor noted nine instances where services were rendered prior to the CPMT approval. The estimated questioned cost associated with these transactions totaled \$9,036.50. (It is to be noted that payments were not made to providers prior to board approval.)
- The auditor tested two instances where CSA funds were sought for Medicaid eligible case management services for a client residing in a Therapeutic Foster Care (TFC) home. The client does not meet the level of medical necessity to received case management services; therefore, CSA pool funds should not be access for these services. Per review of the client's financial report, Lynchburg was reimbursed \$2,285.50 for case management services. Total questioned cost \$1,959.00. (Please note one transaction was already included in the second bullet).

Criteria: COV § 2.2-5212; 2011 Appropriations Act, Chapter 890, Item 274, § B.9 Local CPMT policies and procedures sections 4.3 Quality Assurance and Utilization Management and Reviews; and 6.3, 6.11, and 6.16 Family Assessment and Planning Team; § 2.2-5206. Community policy and management teams; powers and duties Item 9; CSA Manual Section 4.4 - Restrictions on Pool Fund Usage Toolkit; CSA Financial Process, Local Policy

Recommendation: The Lynchburg CPMT should ensure CANS assessment for all of its IEP cases are completed immediately and revise its current policy and practice to require CANS assessments be completed on all cases in order to access CSA pool funds. In addition, the CPMT should ensure adherence with all state and local policies regarding allowable cost and board authorization. CPMT should consult with OCS on the appropriate action to be taken where CSA pool funds were not appropriately expended..

Client Comments: “Agree with findings. Lynchburg CPMT and the City Schools have agreed that the School Social Workers will complete CANS assessments on SPED-only cases receiving CSA funding. Target date for completion is 4/30/2014. School social workers will continue to provide CANS assessments for all SPED-only cases.

Cases where the service began prior to CPMT approval were continuation of services in which there was a reasonable expectation of services to continue. CPMT may have previously approved the service; however the approved purchase order expired. The Fiscal Unit, CSA Office and CPMT are investigating ways to alleviate this issue. The “NO PO” process has been documented in updated policy to reflect the current practice of reviewing outstanding invoices and determining if the locality owes for services rendered. Implementation of a new database system, internal controls and CPMT oversight will assist in rectifying this issue.

Lastly, the payment of case management to TFC client was related to a sibling group. The family was placed together and the vendor would not agree to waive this fee. The Lynchburg CPMT will consult with OCS on any possible recoupment of funds.”

Auditor: Note: Case management is not a fee but a service for which a child must have a medical need to justify the purchase for the service. The CPMT should coordinate with the vendor to negotiate the scope of services and applicable rates to differentiate between the levels of needs when placing sibling groups. The CPMT may consider working with the provider to

supply documentation to Magellan (the managed care coordinator for the Medicaid program) to justify TFC level of service. Moreover, the CPMT should maintain documentation supporting the decision to provide services despite the failure to meet criteria.

CONCLUSION

Our audit concluded that there were material weaknesses in internal controlsⁱⁱ over the City of Lynchburg's CSA program, particularly in reference to governance and accountability of the \$4.63 million reimbursed (state and local) funding. Conditions were identified pertaining to the management's duties and responsibilities, operating, and fiscal practices of the locally administered program that could adversely impact the effectiveness and efficient use of resources, as well as non-compliance with statutory requirements. Two exit conferences were conducted on April 9 and April 17, 2014, to present the audit results to the City of Lynchburg CPMT. Persons in attendance representing the Lynchburg CPMT were Tamara Rosser, CPMT Chair, Dan Fallen, CPMT Chair Alternate, Robin Mamola, Fiscal Agent, Dana Wright, UM Coordinator, Courtney Blankenstien, Accounting, Shana Richardson, Foster Care Supervisor, John Hughes CSA Coordinator, and Carlita Osborne, CSA Administrative Assistant. Representing the Office of Comprehensive Services was: Annette Larkin, Program Auditor.

We would like to thank the City of Lynchburg Community Policy and Management Team and related CSA staff for their cooperation and assistance on this audit.

ⁱⁱ Material weaknesses in internal controls is defined by Statement of Auditing Standards No. 117 issued by the American institute of Certified Public Accountants as "a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis." The CSA Program audit is not an audit of financial statement, therefore; an opinion on management assertions presented in the locality Comprehensive Annual Financial Report is not being rendered.

REPORT DISTRIBUTION

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Tamara Rosser, CPMT Chair

Robin Mamola, Fiscal Agent
Lynchburg Department of Human Services

John Hughes IV, CSA Coordinator