



COMMONWEALTH of VIRGINIA

OFFICE OF CHILDREN'S SERVICES

Administering the Children's Services Act

Scott Reiner, M.S.
Executive Director

November 16, 2020

Ms. Susan Aylor, CPMT Chair
Orange County School System
Taylor Education Adm. Complex
200 Dailey Drive
Orange, VA 22960

Dear Ms. Aylor

Please find enclosed the final interim report for the audit completed of the Orange County Children's Services Act (CSA) Program. A quality improvement plan (QIP) addressing the observations outlined in this report is required. You will receive, via email, a QIP template that can be used to facilitate this process. The completed quality improvement plan must be received by this office no later than Thursday, December 31, 2020.

On behalf of the Office of Children's Services, we would like to express our sincere appreciation to the Orange County CSA Office and the CPMT for their patience, cooperation, and assistance throughout the audit process. Please feel free to contact our office if you have any questions, concerns, and/or require additional information pertaining to this audit.

Respectfully,

A handwritten signature in cursive script that reads "Annette E. Larkin".

Annette E. Larkin, MBA
Program Auditor

Cc: Scott Reiner, Executive Director
Theodore L. Voorhees, County Administrator
Dawn W. Herndon, CPMT Fiscal Agent
Letitia Douthit, CSA Coordinator

CHILDREN'S SERVICES ACT

PROGRAM AUDIT

INTERIM REPORT

Orange County

Audit Report No. 13-2020

November 16, 2020



Office of Children's Services

Empowering communities to serve youth

TABLE OF CONTENTS

Interim Report Disclaimer

Executive Summary

Introduction 1

Background 2

Observations and Recommendations

A. *CPMT Governance* 3-4
(Community Policy and Management Team)

B. *Fiscal Activities*..... 4-5

Conclusion 6

Report Distribution 7

Interim Report Disclaimer

Due to the COVID -19 pandemic, CSA audits are temporarily limited to remote desk reviews of CPMT governance activities. These measures were taken to ensure OCS fulfills its responsibility for program oversight and to provide CPMT with relevant and timely information for program improvement, where applicable. Governance activities include, but are not limited to, CPMT policy/procedure development, CPMT actions as evidenced by meeting minutes, continuous quality improvement, and monitoring of fiscal management and program outcomes, strategic planning, adherence to established federal, state, and local compliance criteria pertaining to CSA (where validations may be completed remotely). This interim report does not address compliance pertaining to child/family referrals for service planning and funding as the confidential nature of such reviews would necessitate an on-site review of client case files and accompanying financial records, which cannot be accomplished at this time. A full and final report will be issued at a later date, once on-site visits and/or related audit validation procedures can be resumed.

EXECUTIVE SUMMARY

The Office of Children's Services has completed a partial audit of the Orange County Children's Services Act (CSA) program. The Orange County CSA program provided services and/or funding to 96 eligible youth and families in fiscal year (FY) 2019. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2019, significant achievements for the Orange County CSA program were:

- Approximately 85% of youth served received community-based services out of all the youth served in Orange County.
- Approximately 94% of children that exited foster care were placed in a permanent living arrangement, which is approximately 8% above the target and 18% above the statewide average.
- Approximately 71% of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) Assessment school domain, which is approximately 25% above the statewide average. Decreases in CANS score are indicative of improved functioning.

There are opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in compliance and internal controls, particularly in reference to CPMT governance. Conditions were identified that could adversely affect the effective and efficient use of resources and compliance with statutory requirements. The following issues were identified:

- Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against potential conflicts of interest in the referral for services and approval of CSA pool funds for eligible youth and their families. Statement of Economic Interest (SOEI) forms were not completed by non-public serving members of the CPMT and FAPT as required per the Code of Virginia (COV) § 2.2-5205 and § 2.2-5207.
- Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool funded services and/or to meet the needs of the children and families. Orange County has not ensured child support collections from the Department of Social Services are reported as refunds to CSA for CSA eligible clients.

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



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 Orange County Children's Services Act 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 November 16, 2020 and covered the period March 1, 2019 through February 29, 2020. 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 implementation of quality improvement plans addressing prior audit observations reported by OCS on and/or identified in the prior self-assessment evaluation completed by the Orange County. The audit report dates were May 19, 2014 and August 3, 2017.

The scope of the audit included a review of CPMT policy/procedure, CPMT board meeting minutes, continuous quality improvement, monitoring of fiscal management and program outcomes, strategic planning, and adherence to established federal, state, and local compliance criteria pertaining to CSA (where validations could be completed remotely).

BACKGROUND

Orange County, located in the north central piedmont region of Virginia and founded 1734, was named after Prince William IV of Orange. Orange County borders the counties of Madison (northwest), Culpeper (north), Spotsylvania (east), Louisa (south) Albemarle (southwest) and Greene (west). According to the US Census Bureau Quick Facts, the estimated population in 2019 was 37,051 and the median household income from 2014-2018 was \$68,481.

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, referred to as the Community Policy and Management Team (CPMT) that plans and oversees services to youth. The CPMT is supported by a Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services to eligible children and families, an Account Clerk, a FAPT Coordinator and a CSA Coordinator. Expenditure demographics for fiscal 2017 to 2019 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard

At-A-Glance

<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
131	128	96
Distinct Child Count	Distinct Child Count	Distinct Child Count
3.1M	3.4M	3.0M
Gross Expenditures	Gross Expenditures	Gross Expenditures
2.9M	3.3M	3.0M
Net Expenditures	Net Expenditures	Net Expenditures
\$22,508	\$25,712	\$31,315
Average Expenditure	Average Expenditure	Average Expenditure
0.4083	0.4083	0.4083
Base Match Rate	Base Match Rates	Base Match Rates
0.3836	0.3861	0.3737
Effective Match Rate	Effective Match Rate	Effective Match Rate

OBSERVATIONS AND RECOMMENDATIONS

A) CPMT GOVERNANCE

Observation #1:**Criteria:****Compliance and Internal Control - Repeat Observation**

Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest. The non-public members serving on both the CPMT and FAPT did not complete the statement of economic interest (SOEI) form in accordance with the requirements set forth in COV §2.2-5205 and §2.2-5207. Non-public members completed the Financial Disclosure (“short form”) form in lieu of the Statement of Economic Interest (“long form”). The Financial Disclosure form is less comprehensive than the SOEI, and thus may not reflect full disclosure of all financial interest. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are reduced based on the increased opportunity for individuals to not disclose all personal and financial interest.

OCS Administrative Memo #18-02 dated January 16, 2018 provided guidance to local CSA programs regarding filing requirements. The guidance states that upon appointment non-public members must complete the “long” form as prescribed in (COV) §2.2-3117. This audit observation was reported in the audit report dated August 3, 2017. A quality improvement plan had been submitted and indicated as completed in the spring of 2019. The CPMT started including the SOEI form in the application to join CPMT and FAPT. However, the wrong form was provided.

Recommendations:

1. The CSA Office should ensure the appropriate form is included with the materials provided to individuals interested in serving as non-public officials of CPMT and FAPT.
2. The CPMT should ensure all of the CPMT and FAPT members not representing a public agency complete the SOEI forms (long form) upon appointment and maintain the filing in accordance with the OCS Administrative Memo 18-02 dated January 16, 2018.

Client Comment:

No Comment

Observation #2:**Criteria:****Internal Control - Repeat Observation**

Orange County CPMT By-Laws adopted December 19, 2017, state: “a member of the CPMT who fails to personally attend at least 75% of the regular meetings within a calendar year shall be

reported to Orange County Board of Supervisors (BOS).” The designated Community Services Board (CSB) representative was not present for 58% of the meetings during the review period and 50% of the meetings during a calendar year, as determined through member attendance documented in CPMT minutes. Nor was there an alternate/designee in attendance on their behalf. Local representatives attributed the absences to staffing changes (retirement/new hire). The absence of the CSB representative of the governing body responsible for the administration and implementation of the local CSA program represents a material weaknesses in oversight and governance of the program, which may ultimately impede the intent of CSA to create a collaborative system of services that is contingent upon the participation of the member agencies to provide the expertise in their respective areas. This internal control weakness was identified in the August 3, 2017 audit report.

Recommendations:

1. The CPMT should name an alternate for each public serving member of the team to ensure each agency is represented at the regularly scheduled CPMT meeting.
2. All matters with absenteeism should be reported to the Orange County BOS as stated in the CPMT By-laws.

Client Comment:

No Comment

B) FISCAL ACTIVITIES

Observation #3:

Criteria:

Compliance and Internal Control

Adequate measures were not always consistently applied to ensure effective and efficient use of financial resources that could be used to offset the costs incurred for CSA pool funded services and/or to meet the needs of the children and families. SEC Policy 4.5.2 Pool Fund Reimbursement requires localities to report at least quarterly all CSA eligible expenditures and applicable refunds in accordance with appropriate expenditure-reporting categories and refund classification. A review of the Local Expenditure, Data and Reimbursement System (LEDRS) Refund Reports for FY17 – FY20 indicates that Orange County has not reported any Child Support Enforcement recoveries (Refer to Exhibit A). However, other data collected by OCS for Orange County denotes CSA funded services on behalf of 23-49 foster care clients. Upon inquiry, the Orange County CSA Office advised that they had not received any child support funds from the Department of Social Services.

Exhibit A

CSA Expenditure Refunds Orange County FY 2017-2020

2017

<u>Fips</u>	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
137	Orange	57,712.40	3,015.00	-	-	98,973.66	3,420.00	163,121.06

2018 Refunds

<u>Fips</u>	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
137	Orange	47,373.81	8,694.00	13,000.00	-	21,032.40	-	90,100.21

2019 Refunds

<u>Fips</u>	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
137.00	Orange	4,824.41	5,888.00	-	-	-	-	10,712.41

2020 (Pending year-end final close)

<u>Fips</u>	Locality	Vendor Refunds	Parental Co-Pay	SSA, SSI, VA, Benefits	Support through DCSE	Reclaimed under IV-E	Other	Total
137	Orange	819.00	672.00	-	-	-	-	1,491.00

Recommendations:

In accordance with SEC Policy 4.5.2, the CPMT should determine if there were any child support collections for the current and previous fiscal years and report the refund in LEDRS with their next pool reimbursement.

Client Comment:

No Comment

CONCLUSION

Our audit concluded that there were deficiencies in compliance and internal controls over the Orange County CSA program, particularly in reference to CPMT governance. Conditions were identified that could adversely affect accountability and oversight, as well as compliance with statutory requirements. An exit conference was conducted on October 27, 2020, to present the interim audit results to the Orange County CPMT. Persons in attendance representing the Orange County CPMT were as follows:

Susan Aylor, CPMT Chair, Director of Special Education
Marc Moore, Former CPMT Chair, Court Services Unit Supervisor
Taisha Chavez, Program Manager, Community Service Board
Alisha Vines, Director Office on Youth, Local Government Representative
Crystal Hall, Director of Social Services
Wade Kartchner, MD, Department of Health
Joseph Nagle, Private Provider
Letitia Douthit, CSA Coordinator

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

REPORT DISTRIBUTION

Scott Reiner, Executive Director

Office of Children's Services

Theodore L. Voorhees, Orange County Administrator

Susan Aylor, CPMT Chair, Director of Special Education

Dawn Watson, CPMT Fiscal Agent

Letitia Douthit, CSA Coordinator