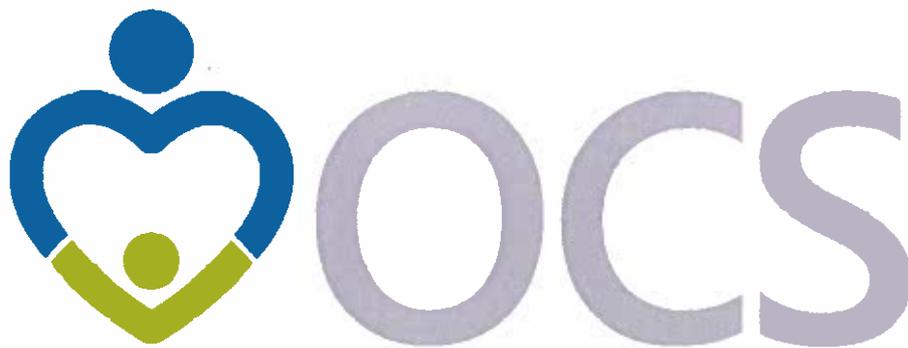


***CHILDREN'S SERVICES ACT
PROGRAM AUDIT***

Bath County

Audit Report No. 014-2024

March 24, 2025



Office of Children's Services
Empowering communities to serve youth

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EXECUTIVE SUMMARY

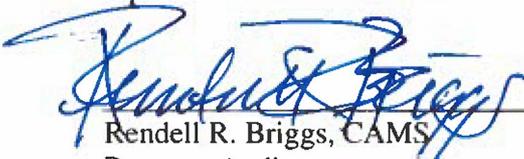
The Office of Children's Services has completed an audit of the Bath County Children's Services Act (CSA) program. The Bath County CSA program provided services and funding to eight (8) youth and families in Fiscal Years (FY) 2023 and FY 2024. The audit included reviewing and evaluating management oversight and operational and fiscal practices. Based upon established statewide CSA outcome measures reported for FY 23/24, significant achievements for the Bath County CSA program were:

- Special education youth starting services between FY 2019 and FY 2023 improved their initial Child and Adolescent Needs and Strengths (CANS) assessment scores in the school domain by 57.1%, exceeding the statewide average by 11.3%. This outcome measure represents the percentage of youth whose scores in the school domain of the CANS instrument decreased from a baseline assessment to the most recent re-assessment.
- All youth served improved their CANS Behavioral/Emotional assessment scores by 100% over 36 months, exceeding the statewide average by 45.3%.

However, additional opportunities exist to improve quality in other CSA program areas. The audit concluded that compliance and internal controls regarding governance and operational and fiscal practices were deficient. Conditions that could affect the effective and efficient use of resources, data reliability and integrity, and compliance with statutory requirements were identified. The following significant issues were observed:

- Reimbursements for expenditures for payment of services where CSA compliance requirements were not met. Specific non-compliance concerns include: (1) special education services did not meet CSA eligibility criteria, (2) community-based services were not documented in an Individual Family Service Plan (IFSP), and (3) the annual CANS assessment was not completed. The total questioned costs equal \$107,424.69, of which \$62,815.97 represents the state share.
- Formal performance measures, continuous quality improvement practices, and procedures to assess overall program effectiveness have not been established per Code of Virginia (COV) §2.2-5206, items 6 and 13. CPMT monthly meeting minutes and accompanying reports did not evidence the performance of Continuous Quality Improvement/Utilization Management (CQI/UM) activities. This observation was reported in the prior audit report.
- Bath County's Community Policy and Management Team (CPMT) and Family Assessment and Planning Team (FAPT) membership was not aligned with state and locally established requirements. The CPMT did not include a private provider representative as required by COV §2.2-5205 and local policy. The FAPT did not include a parent representative as COV §2.2-5207 required. This observation was reported in the prior audit report.

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


Rendell R. Briggs, CAMS
Program Auditor


Stephanie S. Bacote, CIGA
Program Audit Manager

INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Bath 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 under stated audit objectives to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on March 12, 2025, and covered June 1, 2023 through May 31, 2024.

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.
- Evaluate the fiscal activities of the local CSA program to assess whether operations have maintained high standards for sound fiscal accountability and ensured responsible use of taxpayer funds.
- Evaluate the local CSA program's operational and utilization review practices to assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance.
- Assess the implementation of quality improvements addressing prior audit observations reported by OCS in the final report dated September 4, 2019.

The audit scope included all 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 examinations of records; and other required audit procedures to meet the audit objectives.

BACKGROUND

Established in 1790, Bath County is on the central western border of the Commonwealth of Virginia. It lies in the Allegheny Mountains. According to the U.S. Census Bureau, State and County Quick Facts, the population estimate is 4,051 as of July 1, 2023. The median household income from 2019-2023 was \$61,709.00.

The Children’s Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for youth and their families. The state funds, combined with local community funds, are managed by local interagency teams, such as the Community Policy and Management Team (CPMT), which plans and oversees services to youth. The Bath County CPMT is supported by Family Assessment and Planning Team (FAPT). The CSA Coordinator manages administrative services. Expenditure demographics for fiscal years 2021 to 2024 are depicted below.

Source: CSA Data and Outcomes Dashboard
 (Web link: [Data and Outcomes Dashboard \(CQI\)](#))

At-A-Glance

	2021	2022	2023	2024
Distinct Child Count	7	6	8	8
Net Expenditures	\$0.3M	\$0.2M	\$0.2M	\$0.5M
Local Net Match	\$0.1M	\$0.1M	\$0.1M	\$0.2M
Average Expenditure	\$42,529	\$29,688	\$22,244	\$61,746
Base Match Rate	0.4278	0.4278	0.4278	0.4278
Effective Match Rate	0.4096	0.4255	0.4388	0.4369

CQI dashboard data consists of information submitted by individual Virginia localities for youth receiving CSA-funded services in the reporting period. Statewide data was updated through 5/15/24 of the current program year.

OBSERVATIONS AND RECOMMENDATIONS

A) PROGRAM AND FISCAL ACTIVITIES

Observation #1:

Criteria:

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 unmet. Five (5) client files were examined to confirm that required documentation was maintained to support and validate FAPT referrals and CPMT funding decisions. At least two (2) exceptions were observed in 80% (4/5) of the files reviewed. Exceptions noted in Tables A and B below are significant as they are critical to evidencing the appropriateness of services and compliance with CSA funding requirements.

Table A: Client File Review Exceptions- Fiscal Impact					
Rate	Description (Code)				
(1/5) 20%	1. Eligibility/Alternate Funding Source. Special education services directed by an individualized education program (IEP) were provided in a regional public-school program, not an approved private school educational program. Local school divisions are responsible for paying regional special education program costs. Criteria: COV §2.2-5211 and §2.2-5212				
(2/5) 40%	2. Service Plans. IFSPs and other planning documents itemizing FAPT recommendations did not include services funded. Criteria: COV §2.2-5208 and CSA Policy 3.5 Records Management				
(1/5) 20%	3. Mandatory Uniform Assessment Tool. The annual CANS assessment was not completed timely. Criteria: §2.2-5212 and CSA Policy 3.6 Mandatory Uniform Assessment Instrument.				
Code	Client	Service Description	Service Period	Total Cost	State Share
1	A	Special Education – Regional Public-School Program	Sept. 2023 – Feb. 2024	\$80,004.69	\$45,778.68
2	B	Community-Based - Case Support	Nov. 2023– March 2024	\$3,000.00	\$2,358.30
	C	Community-Based - Intensive Care Coordination	Nov. 2023 – Jan. 2024	\$3,300.00	\$2,594.13
3	D	Special Education – Private Day	Feb. 2024 – May 2024	\$21,120.00	\$12,084.86
Total				\$107,424.69	\$62,815.97
Reimbursement Due to CSA					\$62,815.97

Table B: Client File Review Exceptions- No Fiscal Impact COV §2.2-5208, COV §2.2-5210, CSA Policy 3.5 Records Management, and CSA Policy 4.5 Fiscal Procedures	
Rate	Description
40% (2/5)	Incomplete Documentation: Expired Consent to Exchange Information Forms.
40% (2/5)	Missing IFSP Data Elements: (1) discharge planning, (2) goals, (3) strategies, and (4) evidence of parent/guardian participation in service planning or signature consent on the IFSP.
20% (1/5)	Data Integrity: The service name and primary mandate type descriptions were incorrectly recorded in the financial reporting system (Local Expenditure, Data and Reimbursement System [LEDRS]).

Recommendations:

1. Before authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation, such as verification that the client is in an approved private educational placement, all services are documented on an IFSP, and verification of the administration of an annual CANS assessment, should be maintained as justification for CPMT funding decisions.
2. The CPMT and FAPT should ensure adherence to local policy regarding service planning activities, including evidencing clearly stated SMART (specific, measurable, actionable, time-specific) goals/objectives/strategies and that family engagement (e.g., signed parental consent to service plans and confirmation of parental consent to exchange information amongst child-serving agencies) is maintained in each client's record.
3. Periodic case file reviews should be performed at least annually to establish quality control of client records, ensure compliance with CSA statutory requirements, and adequate data collection and records management control.
4. The CSA office and Fiscal Agent should establish quality assurance and accountability procedures to accurately report fiscal transactions in the correct service name categories and mandate type.
5. 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-approved policy 4.7, Response to Audit Findings, of whether the identified actions are acceptable or any additional actions that may be required.

Client Comment:

"Concur with proposed recommendations and will implement them."

Observation #2:

Criteria:

Compliance and Internal Control

COV §2.2-5210 requires that consent to exchange information be obtained from the parent and/or legal guardian to share client information collected by partnering agencies and other providers with local CSA representatives. Failure to document that consent was obtained correctly increases the likelihood of non-compliance with CSA and other agency statutory requirements and potential liability due to the unauthorized exposure of protected information.

Three (3) of five (5) (60%) special education services eligible clients, evidenced by an IEP, were missing the Consent to Exchange Information form. As directed by OCS Administrative Memo #18-01, issued January 11, 2018, "Without such information, CPMTs cannot verify that the students are statutorily eligible for CSA-funded services and would therefore be unable to authorize the use of CSA funds to cover the cost of private educational placements required by the student's IEP." Where the local CSA office cannot confirm eligibility to access state pool funds due to the absence of consent, the local school division would have been responsible for

\$229,487.69 in expenditures incurred that CSA funded during the review period. Further, discussing students' educational services/placements without verification of consent to share information violates the Family Educational Rights and Privacy Act (FERPA).

Recommendations:

1. The Bath County CSA Office and FAPT should ensure that Consent to Exchange Information forms are completed at the time of referral or immediately before the start of the FAPT meeting for all CSA-funded cases, including IEP referrals, to comply with OCS directives and the Family Educational Rights and Privacy Act.
2. Consent to exchange forms should be retained in the case file and following record retention policies.

Client Comment:

“Concur and going forward will ensure Consent Forms are maintained. Wording has been updated to the following: This consent is good until the CSA file is closed; however, I can withdraw this consent at any time by telling the referring agency or the CSA Coordinator.”

Observation #3:

Criteria:

Compliance and Internal Control

Adequate measures were not always applied consistently to ensure the 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. The CPMT is not effectively exploring all available funding sources before utilizing state pool funds. In 100% (2/2) eligible case files reviewed, parental co-payment assessments were not completed or were missing from the client-case files as required by §2.2-5206 (3). A review of financial reports (See Table C) documenting refunds indicated zero collections of parental contributions for Bath County in FY22 – FY24. Under these conditions, the opportunity lost for collecting funds is significant. It could affect the local program’s ability to increase funding availability for services required to meet the community's needs.

Table C COV § 2.2-5206, COV § 2.2-5208, and CSA Policy 4.5.2 Pool Fund Reimbursement									
Financial Reporting Errors- Refunds									
Fiscal Year	Local	Vendor F	Parental Co-Pay	SSA, SSI, VA, Ben	Support through DCSE	Redaimed under IV-E	Other	Total	
FY22	Bath	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY23	Bath	\$1,237.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,237.50	
FY24	Bath	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Recommendations:

1. The CPMT should ensure that the FAPT and the CSA Coordinator document parental ability to pay, supported by verification of stated income. The amount assessed should be reported to

the CPMT along with the request for approval to fund 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.

Client Comment:

“Concur, going forward the parental copay will be accessed as necessary and all documents maintained in case file.”

B) CPMT GOVERNANCE:

Observation #4:

Criteria:

Compliance and Internal Control - Repeat Observation

Adequate measures have not been established and/or implemented by Bath County CPMT to evaluate and ensure the accountability and effectiveness of the locally managed CSA program. Opportunities for improvement were noted based on instances of non-compliance with CSA statutory requirements of COV §2.2-5206 items 4 and 13 as follows:

1. The CPMT has not documented a formal plan to substantiate coordination of long-range planning that includes an assessment of 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.
2. CPMT monthly meeting minutes and accompanying reports did not evidence Continuous Quality Improvement/Utilization Management (CQI/UM) activities to include:
 - A. review of local and statewide data provided in the management report on the number of children served, children placed out of state, demographics, duration of services, child and family outcomes, and performance measures.
 - B. tracking utilization and performance of residential placements using data and management reports to develop and implement strategies for returning children placed outside of the Commonwealth, preventing placements, and reducing lengths of stay in residential programs for children who can appropriately and effectively be served in their home, relatives' homes, family-like setting, or their community.

The ability and likelihood of the CPMT to adequately monitor and provide oversight of the local CSA program are essential components of organizational governance. The absence of formal planning, coordination, and program evaluation to ensure that the program's goals and objectives are met ultimately impacts the CPMT's efforts to better serve the needs of the community's youth and families and maximize the use of state and community resources.

The observation referenced in this report was also identified in the prior audit report issued on August 6, 2019. The Bath County CPMT submitted a Quality Improvement Plan (QIP). The CPMT, as the governing body, is responsible for ongoing monitoring of the QIP to ensure timely implementation of the plan and that the actions taken are continuously working as intended.

Recommendations:

1. Bath County CPMT should coordinate long-range planning within their community, adopt a community philosophy regarding services to eligible youth and their families, and identify the current service delivery system to comply with local policy.
2. The strategic plan should consider developing resources and services needed by children and families in their community. This process should include creating a formal assessment process and measurable criteria for evaluating program effectiveness. The strategic plan should incorporate S.M.A.R.T. (Specific, Measurable, Attainable, Relevant, Timely) goals and objectives to facilitate effective and meaningful overall evaluations of the Bath County CSA program.
3. The CPMT may use strategic planning tools on the OCS website to complete this initiative.
 - [Strategic Planning Tools \(COI\) Documentation Template with Instructions \(Download\)](#)
 - [Strategic Planning Tools \(COI\) Terms and Definitions](#)
 - [Strategic Planning Tools \(COI\) Training](#)
4. The CPMT should immediately initiate periodic reviews of OCS financial and performance reports depicting local and statewide data as CSA statute requires to demonstrate compliance. Tools to aid the continuous quality improvement process (i.e., utilization management) are available on the CSA website and listed below for your convenience:
 - [Data and Outcomes Dashboard \(COI\)](#)
 - Utilization Reports (<https://csa.virginia.gov/OCSReports/Reports/UtilizationReport.aspx>)

Client Comment:

“Concur, going forward recommendations will be addressed, and Strategic Planning tools will be implemented.”

Observation #5:

Criteria:

Compliance and Internal Control - Repeat Observation

The membership of the CPMT and FAPT does not meet the membership requirements as established by the Code of Virginia (COV) §2.2-5205, §2.2-5207, and local policy. The composition of members serving on the CPMT does not include a private provider, and FAPT does not include a parent representative as required by the statutes. CPMT meeting minutes are insufficient in documenting recruitment activities to secure both positions during the audit period. The absence of the private provider and parent representative from the team responsible for the administration of the CSA program and service planning impedes the intent of CSA to achieve the highest degree of multi-disciplinary collaboration, ensuring family advocacy by leveraging the public-private partnership.

The observation referenced in this report was also identified in the prior audit report issued on August 6, 2019. The Bath County CPMT submitted a quality improvement plan. The CPMT, as the governing body, is responsible for ongoing monitoring of the QIP to ensure timely implementation of the plan and that the actions taken are continuously working as intended.

Recommendations:

The CPMT should ensure that all CPMT and FAPT positions required by the COV are filled. When vacancies occur, the CPMT should actively and continuously perform recruitment activities. In addition, the CPMT should document their recruitment efforts in the CPMT meeting minutes.

Client Comment:

“Concur, CPMT has been actively searching for new parent rep and has posted information on the county web site.”

Observation #6:

Criteria:

Compliance and Internal Control

The CPMT did not effectively implement internal controls established by CSA statutes to safeguard against conflicts of interest. The non-public members serving on CPMT and FAPT did not complete the Statement of Economic Interest (SOEI) form as required by the COV §2.2-5205 and §2.2-5207. OCS Administrative Memo #18-02, dated January 16, 2018, guided local CSA programs regarding filing requirements. The guidance states that non-public members must complete the “long” form defined in COV §2.2-3117 upon appointment. The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds is significantly reduced, based on the possibility that required parties did not appropriately disclose personal interests.

Recommendations:

The CPMT should ensure that all parties not representing a public agency complete the SOEI forms immediately upon appointment and maintain filings following the guidance referenced in OCS Administrative Memo 18-02, dated January 16, 2018.

Client Comment:

“Concur, going forward all parent reps will be required to complete SOEI and copies will be kept in the CSA office.”

CONCLUSION

Our audit concluded deficiencies exist in compliance and internal controls over the Bath County CSA program. Conditions were identified pertaining to operating and fiscal practices of the locally administered program that could adversely affect the effective and efficient use of resources and compliance with statutory requirements. An exit conference was conducted on March 12, 2025, to present the audit results to the Bath County CPMT. Persons in attendance representing the Bath County CPMT were:

Jason Miller, CPMT Chair, Bath County Department of Social Services
Pamela Webb, CPMT Fiscal Agent
Angela Howard, CSA Coordinator
Jennifer McCallister, CSA Coordinator

Rendell R. Briggs, Program Auditor, represented the Office of Children's Services.

We thank the Bath County Community Policy and Management Team and CSA staff for cooperating and assisting with this audit.

REPORT DISTRIBUTION

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