



## Richmond Community Policy Management Team

### CITY OF RICHMOND CHILDREN'S SERVICES ACT

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MISTY THOMPSON  
FISCAL AGENT

SHUNDA GILES  
DEPARTMENT OF SOCIAL SERVICES

BRADY NEMEYER  
CSA PROGRAM ADMINISTRATOR

#### Meeting Dates for 2021 (All meetings held via Microsoft Teams)

January 20, 2021

February 17, 2021

March 17, 2021

April 21, 2021

May 19, 2021 Lauren O'Neil for Stephanie Lynch

June 16, 2021

August 18, 2021

September 28, 2021

October 20, 2021

November 17, 2021

#### City Council Member Attendance:

Councilwoman Stephanie Lynch attended on March 17, 2021

Lauren O'Neil attended for Councilwoman Lynch on May 19, 2021



# COMMONWEALTH of VIRGINIA

Scott Reiner, M.S.  
Executive Director

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

August 25, 2021

Ms. Dawn Barber, CPMT Chair  
Department of Justice Services  
730 E. Broad Street  
Richmond, Virginia 23219

RE: Richmond City CSA Program Audit, File No. 01-2021

Dear Ms. Barber,

Please find enclosed the final report for the audit completed of the City of Richmond 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 Monday, October 11, 2021. We also encourage you to provide the Office of Children's Services with updates indicating the status of the implementation of corrective actions as they occur.

On behalf of the Office of Children's Services, we would like to express our sincere appreciation to the Richmond 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 blue ink that reads "Annette E. Larkin".

Annette E. Larkin, MBA  
Program Auditor

Cc: Scott Reiner, Executive Director  
Lincoln Sauders, Chief Administrative Officer  
City of Richmond  
Louis Lassiter, City Auditor  
City of Richmond  
Misty Thompson, CPMT Fiscal Agent  
Brady Nemeyer, CSA Coordinator  
Stephanie S. Bacote, OCS Audit Manager

## POOL REIMBURSEMENT HISTORY

FY	Year End Total	State	Local
2020	\$ 14,233,117.93	\$ 9,012,080.52	\$ 5,221,037.41
2021	\$ 14,122,564.27	\$ 8,962,813.93	\$ 5,159,750.34
2022			

No funds to report

## Difference

FY	Year End Total	State	Local
2020	\$ 14,233,117.93	\$ 9,012,080.52	\$ 5,221,037.41
2021	\$ 14,122,564.27	\$ 8,962,813.93	\$ 5,159,750.34
	\$ 110,553.66	\$ 49,266.59	\$ 61,287.07

## Pool

FY	Budget	Reimbursement	% Spend
2020	\$ 16,669,261.00	\$ 14,233,117.93	85
2021	\$ 16,288,326.00	\$ 14,122,564.27	87

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

***Richmond City***

***Audit Report No. 01-2021  
August 25, 2021***



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

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## **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 has completed an audit of the Richmond City CSA Program. The Richmond City CSA Program provided services and/or funding to 387 eligible youth and families in fiscal year (FY) 2020. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide Children's Services Act (CSA) performance measures reported as of FY 2020, significant achievements for the Richmond City CSA Program were:

- Seventy-seven percent (77%) of youth served received community-based services out of all the youth served in Richmond City.
- Forty-nine (49%) of youth had a decrease in the Child and Adolescent Needs and Strengths (CANS) scores within school domain, which is 4% above the statewide average. Decreases in CANS score are indicative of improved functioning.
- Seventy-three (73%) of youth in foster care are in a family like setting, which is an improvement of approximately six percent (6%) from FY 2019.

However, there are additional opportunities to effect quality improvement in other areas of the CSA program. The audit concluded that there were deficiencies in compliance and internal controls relating to governance and fiscal practices. Conditions were identified that could affect the effectiveness and efficient use of resources and compliance with statutory requirements. The following significant issues were identified:

- Expenditure reimbursements were requested and processed for payment of services where CSA compliance requirements were not met. Initial and/or annual CANS assessments were not administered in accordance with Code of Virginia (COV) [§ 2.2-5212](#) and CSA Policy Manual 3.6.5 Frequency of CANS Administration. The state share of questioned costs as a result of non-compliance totaled \$80,632.11
- 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 COV § 2.2-5205 and § 2.2-5207. Richmond City CPMT self-reported this deficiency in the completion of the self-assessment workbook in 2017 and submitted a completed quality improvement plan (QIP).

  
Stephanie S. Bacote, CIGA

Program Audit Manager

  
Annette E. Larkin, MBA

Program Auditor

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## INTRODUCTION

The Office of Children's Services has completed a financial/compliance audit of the Richmond City 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 August 25, 2021 and covered the period October 1, 2019 through September 30, 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 and/or identified in the prior self-assessment evaluation completed by the Richmond City CPMT. The audit report date was December 7, 2017.

The scope of the audit included 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 examination of records; and other audit procedures deemed necessary to meet the audit objectives.



## BACKGROUND

Established in 1742, the City of Richmond is the capital of the Commonwealth and one of the oldest cities in America. The City of Richmond is home to the historic St. John Church where Patrick Henry, founding fathers and great orators, uttered these famous words, "Give me liberty or give me death" during the Second Virginia Convention which set the course to the Revolutionary War. The City borders the counties of Henrico and Chesterfield. According to the U.S. Census Bureau Quick Facts, the estimated population in 2019 was 230,436 and the median household income from 2015-2019 was \$47,250.

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 Richmond City CPMT is supported by four (4) Family Assessment and Planning Teams (FAPTs) responsible for recommending appropriate services to eligible children and families. Administrative services are managed through local CSA office staffed by the CSA Administrator, a FAPT Coordinator, a Utilization Manager, a Utilization Reviewer, a CSA Analyst and a CSA Support staff. Expenditure demographics for fiscal 2017 to 2020 are depicted below.

Source: CSA Continuous Quality Improvement (ICQ) Dashboard

### At-A-Glance

<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>
<b>581</b>	<b>520</b>	<b>477</b>	<b>387</b>
Distinct Child Count	Distinct Child Count	Distinct Child Count	Distinct Child Count
<b>18.0M</b>	<b>16.5M</b>	<b>15.5M</b>	<b>14.6M</b>
Gross Expenditures	Gross Expenditures	Gross Expenditures	Gross Expenditures
<b>17.7M</b>	<b>14.9M</b>	<b>15.1M</b>	<b>14.2M</b>
Net Expenditures	Net Expenditures	Net Expenditures	Net Expenditures
<b>\$30,453</b>	<b>\$28,576</b>	<b>\$31,605</b>	<b>\$36,778</b>
Average Expenditure	Average Expenditure	Average Expenditure	Average Expenditure
<b>0.3691</b>	<b>0.3691</b>	<b>0.3691</b>	<b>0.3691</b>
Base Match Rates	Base Match Rates	Base Match Rates	Base Match Rate
<b>0.3737</b>	<b>0.3737</b>	<b>0.3702</b>	<b>0.3668</b>
Effective Match Rate	Effective Match Rate	Effective Match Rate	Effective Match Rate

## OBSERVATIONS AND RECOMMENDATIONS

### A) FISCAL ACTIVITIES

**Observation #1:**

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

Expenditure reimbursements were requested and processed for payment of services where compliance with CSA statutes, policies and procedures were not met. Per Code of Virginia (COV) [§ 2.2-5212](#), access to the state pool of funds includes determination through the use of a uniform assessment instrument and process. The Child and Adolescent Needs and Strengths (CANS) Assessment is the approved uniform assessment instrument per CSA policy adopted in 2009. The CANS assessment is required initially, annually, and upon discharge from the CSA process as noted in CSA Policy Manual Section 3.6.5 Frequency of CANS Administration.

Initial and/or annual CANS assessments had not been completed for three (3) special education client records examined. The total questioned cost resulting from non-compliance is \$127,804.90, of which \$80,632.11 represents the state share reimbursed. Refer to the summary table for a detail breakdown of the questioned cost by applicable client.

This non-compliance observation was identified in audit reports issued by OCS dated February 16, 2016 and, City of Richmond Internal Audit Department (RAID) dated May 21, 2019. Richmond CSA office subsequently reported to OCS that the quality improvement plan (QIP) submitted in response to the OCS audit observations had been implemented, which was verified during the OCS audit completed December 2017. Richmond CSA Office also prepared a corrective action plan (CAP) in response to the audit finding reporting by RAID. The CPMT, as the governing body, is responsible for on-going monitoring of the QIP/CAP to ensure timely implementation of the plan and the actions taken are continuously working as intended.

Client	Error Type	Period of Services	Total Expenditures	State Share
A	Initial CANS	October 2019 -June 2020	\$33,619.20	\$21,210.35
B	Annual CANS	October 2019- June 2020	\$43,589.70	\$27,500.74
C	Annual CANS	October 2019- June 2020	\$50,596.00	\$31,921.02
<b>Total</b>			<b>\$127,804.90</b>	<b>\$80,632.11</b>

**Recommendations:**

1. Prior to authorizing funding, the CPMT should ensure that the proposed expenditure meets the criteria for CSA funding. Adequate documentation, such as but not limited to, verifications of administration of initial and annual CANS assessments and should be maintained as justification for CPMT funding decisions.

2. The CSA Administrator should implement a quality assurance review of special education case files as least quarterly to ensure that CANS assessment have been completed for clients receiving special education services since these cases do not come to FAPT.
3. 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:**

“The City of Richmond CPMT has requested that the Richmond CSA office conduct a review of the three (3) cases that the audit identified as missing CANS. In particular, the CPMT has requested that the Richmond CSA office explore any impact that the changes in business practices due to the pandemic may have had on the CANS not being completed. The Richmond CSA office has already put in new accountability and oversight measures to track CANS dates for private day since these cases are exempt from the FAPT process. The new process for tracking will be fully explained in the CPMT’s quality improvement plan.”

**B) PROGRAM ACTIVITIES**

<b>Observation #2</b>	
<b>Criteria:</b>	<b>Compliance and Internal Control</b>

Special educations services funded in conjunction with a residential placement for non-educational purposes were not managed in accordance with established guidance. “Per Virginia Administrative Code (VAC) 8VAC20-81-150, the school division that is part of the placing CPMT shall revise and amend the individualized education program (IEP) to reflect the non-educational placement by noting that, pursuant to a CSA placement, the student is attending a residential facility. This non-educational placement was made upon a referral by the FAPT, the referring agency, and the student’s family. The educational services necessary to provide the child with Free Appropriate Public Education (FAPE) as described in the IEP are contingent upon FAPT funding for this purpose. This IEP is not “stay put” for the purposes of 20 U.S.C. sec. 1415 (j) or any other educational purpose, unless so identified by a due process hearing officer or as a result of a mediated agreement. Otherwise the least restrictive environment (LRE) will revert to what was identified in the “last agreed upon” IEP before the student was placed in a residential facility for non-educational reasons; unless the IEP team determines that a different replacement is warranted to ensure that the student can receive FAPE.”

Residential Placement of Students with Disabilities

	CSA Placement	Parental Placement
Placement for Educational Purposes	1 IEP identifies residential placement as Least Restrictive Environment	3 Parent makes unilateral placement for to meet student's educational needs
Placement for Non-Educational Purposes	2 IFSP identifies need for residential placement	4 Parent makes unilateral placement for treatment purposes

NOTES: A placement made through a signed Parental Agreement with a public child-serving agency is a CSA placement. A placement made through Adoption Assistance is a parental placement.

- 1 **IEP identifies private residential placement as LRE**
  - § 2.2-5211. B1 – "Special Education Mandate" – CSA pays for IEP services. When child is Medicaid eligible and meets medical necessity criteria for residential treatment, Medicaid funds may (with parent/guardian consent) be used for placement. Medicaid does not fund the educational portion of services.
  - School division of child's residence remains responsible for IEP, re-evaluation, progress reporting.
- 2 **IFSP developed by the FAPT identifies need for residential placement**
  - § 63.1-105 (Statutory basis for foster care and the CHINS "mandate") – CSA pays for all services. When child is Medicaid eligible and meets medical necessity criteria for residential treatment, Medicaid funds may be used for residential treatment services. Medicaid does not fund the educational portion of services.
  - A revised IEP should reflect that the student is in a non-educational placement and shall address the student's special education needs while in the placement. The revised IEP for a non-educational placement is not considered the "source" of the residential placement.
  - School division of child's residence remains responsible for IEP, re-evaluation, progress reporting.

(Excerpted from Special Education and the Children's Services Act (CSA) Guidance for Community Policy Management Teams (CPMT), Family Assessment and Planning Teams (FAPT), CSA Coordinators, and Local School Divisions, Appendix C Residential Placement of Students with Disabilities)

Upon transfer from a neighboring locality, Richmond City CSA reviewed the IEP provided by the transferring jurisdiction and elected to continue with the provision of services outlined in that IEP. While the student's residential placement was for non-educational purpose, a revised IEP referencing that the student is in a non-educational placement and that addressed the student's special education needs while in the placement was not completed until 15 ½ months after the initial placement occurred.

Documentation maintained by the CSA office indicated that a revised IEP had not been recorded timely because the student did not officially enroll in Richmond Public School (RPS), although the CSA office attempted several times to compel the parent to complete the enrollment process. Absent enrollment, an IEP meeting could not be conducted for IEP development, re-evaluation, and /or progress reporting. Notably, the revised IEP was completed March 12, 2021.

**Recommendation**

1. The CSA Office should continually communicate with the local school division regarding students receiving special education services funded through the state pool to ensure provisions

of FAPE are documented in an approved IEP in accordance with policies, regulations, and laws pertaining to students with disabilities. The CSA office should document efforts taken by the school division where an eligible student has not been enrolled but education services are funded using public funds. Systemic concerns should be communicated to the full CPMT.

2. CPMT should review fiscal policies governing funding of special education services that have not been sufficiently developed, re-evaluated, and monitored for progress by the responsible local school division.
3. When a parent is not cooperating with the local policies, the CSA Administrator should immediately communicate the matter to the CPMT for them to determine the appropriate action.

#### Client Comment

“Concur”

#### Observation #3:

Criteria

Internal Control

Local policies and practices adopted to ensure confidentiality were not functioning as intended. COV § 2.2-5210 states “The agency that refers a youth and family to the team shall be responsible for obtaining the consent required to share agency client information with the team.” While obtained, the consent to exchange information forms were expired in two (2) of ten (10) 20% case files tested. Failure to document continued consent was properly obtained increases the likelihood of non-compliance with CSA and other agency statutory requirements and potential liability due to the unauthorized exposure of protected information.

#### Recommendation

1. The Richmond City CSA Office and FAPT should ensure that expiring consent to exchange information forms are monitored, and updated consent forms have been completed at the time of referral or immediately prior to the start of the FAPT meeting for all CSA funded cases.
2. Consent to exchange forms should be retained in the case file and in accordance with record retention policies.

#### Client Comment

“Concur”

**C. CPMT GOVERNANCE**

**Observation #4:**

**Criteria:**

**Compliance and Internal Control**

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. 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.

Richmond City CPMT self-reported this deficiency in the completion of the self-assessment workbook in 2017 and submitted a completed QIP. 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. The CPMT, as the governing body, is responsible for on-going monitoring of the QIP to ensure timely implementation of the plan and the actions taken are continuously working as intended.

**Recommendations:**

The CPMT should ensure all parties not representing a public agency and currently serving roles on CPMT and FAPT complete the SOEI forms immediately. Thereafter, newly appointed non-public officials should complete the SOEI forms upon appointment. The CSA office should ensure that filings are maintained in accordance with the Administrative Memo 18-02 dated January 16, 2018.

**Client Comment:**

“Concur”

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## CONCLUSION

This audit concluded that there were deficiencies in compliance and internal controls over the relating to operational and fiscal practices. Conditions were identified that could affect the effective and efficient use of resources, as well as compliance with statutory requirements. An exit conference was conducted on June 16, 2021, to present the audit results to the Richmond City CPMT. Persons in attendance representing the Richmond City CPMT were as follows:

Shunda Giles- Social Services Representative former Chair CPMT Chair

Misty Thompson, CPMT Fiscal Agent

Brady Nemeyer, CSA Administrator

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

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**REPORT DISTRIBUTION**

Scott Reiner, Executive Director  
Office of Children's Services  
Lincoln Sauders, Chief Administrative Officer  
City of Richmond  
Dawn Barber, CPMT Chair as of July 1, 2021  
Shunda Giles, CPMT Chair Former  
Misty Thompson, CPMT Fiscal Agent  
Brady Nemeyer, CSA Administrator  
Louis Lassiter, Richmond City Auditor