MUNICIPAL AUDITING REPORT

CITY OF ROANOKE

Comprehensive Services Act

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BACKGROUND

The Comprehensive Services Act [CSA] was established in 1992 with the intent to create a collaborative system of services for troubled and at-risk youth that is child-centered, family-focused and community-based. The Act was created through State Code section *2.2-5200* and it encompasses the following goals:

1. Ensure services and funding are consistent with the Commonwealth's policies of preserving families and providing appropriate services in the least restrictive environment, while protecting the welfare of children and maintaining the safety of the public;

2. Identify and intervene early with young children and their families who are at risk of developing emotional or behavioral problems, or both, due to environmental, physical or psychological stress;

3. Design and provide services that are responsive to the unique and diverse strengths and needs of troubled youths and families;

4. Increase interagency collaboration and family involvement in service delivery and management;

5. Encourage a public and private partnership in the delivery of services to troubled and at-risk youths and their families; and

6. Allow communities to make decisions and be accountable for providing services in concert with the goals of the Act.

The Act requires communities to establish a community policy and management team to oversee implementation of comprehensive services. The Roanoke Interagency Council, usually referred to as the RIC, was established to satisfy this mandate.

Roanoke Interagency Council:

The Roanoke Interagency Council includes representatives from the City of Roanoke, Roanoke City Public Schools, the Department of Juvenile Justice, Blue Ridge Behavioral Healthcare, the Health Department, a parent, and a local service provider. The Council is assigned a variety of responsibilities under the Act, including:

- Developing interagency processes for coordinating care.
- Establishing policies for referring children for services.
- Establishing quality assurance and accountability procedures for program utilization.
- Identifying and developing community resources for children and families.
- Authorizing and monitoring expenditures of funds by the family assessment and planning teams.

The Roanoke Interagency Council essentially serves as a steering committee that establishes the framework for providing coordinated services to at-risk youth and their families, as well as identifying and developing resources needed to best address local service needs. The Council appoints one or more family assessment and planning teams to work with agency case workers in assessing and planning coordinated care for individual youth and their families.

Family Assessment and Planning Team:

The Family Assessment and Planning Team in Roanoke includes representatives from the following organizations:

- Department of Social Services
- Blue Ridge Behavioral Healthcare
- Juvenile Court Services
- Roanoke City Public Schools
- A local service provider
- A parent representative

The duties and powers of the team as specified by State Code section *2.2-5208* include reviewing referrals, developing an individual service plan, promoting family involvement, and designating a person to monitor and report on the fulfillment of service plans. The team is supposed to provide regular monitoring and utilization review to determine if the services being provided continue to be appropriate and effective.

Individual Family Service Plans:

Children may be referred for services by a parent, the Department of Social Services, Blue Ridge Behavioral Healthcare, Court Services, the Juvenile and Domestic Relations Court, or Roanoke City Public Schools. A case worker develops a service plan for each child and family. The plan identifies goals and proposes services that must be reviewed and approved by the Family Assessment and Planning Team [FAPT]. The planning team typically approves community based services for a one to three month period. In order to continue services, case workers must review progress with the planning team and recommend additional services.

Provider Payments:

The Department of Social Services uses a case management system, Harmony, to produce purchase of service orders and to process payments to vendors. The system prints monthly invoices specifying the units of service approved, the unit price, and listing the days of the month for vendors to record the units of service provided. The vendor must complete the invoice and submit it to the Social Services Administration Office by the fifth working day of the following month. Administration forwards the invoices to the associated case workers for approval; then processes the invoices in the Harmony system to issue payment. Harmony interfaces with the City's financial system, which prints the checks and passes the payment information back to Harmony. The checks are drawn against the City's consolidated bank account. The Department of Finance submits reimbursement requests to the State monthly.

CSA Quality Assurance & Utilization Management:

State code requires localities to establish quality assurance and accountability procedures for CSA services and funds. These procedures are to include regular monitoring and utilization review of the services provided to children and their families. Utilization review promotes the quality and efficiency of service delivery.

The Act also requires each locality to have a utilization management process. Utilization management is defined as an evaluation of the appropriateness, medical need and efficiency of services. The City's Department of Social Services had a full-time coordinator for CSA and a full-time utilization management coordinator in Fiscal Year 2010.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objective:

To determine if vendors billed for mentoring, vocational and other select services as actually provided.

Scope:

We initially reviewed expenditure trends for Comprehensive Services Act funds for Fiscal Years 2007 through 2009. Our detailed testing of vendor invoices was narrowed to include only those billings for children who were also confined at the Roanoke Valley Juvenile Detention Center at times during Calendar Year 2009. As a result, most of the cases we reviewed were referred by the Court Services Unit.

Methodology:

We developed an understanding of the Comprehensive Services Act and the processes for locally administering the act. In order to develop our understanding, we reviewed the following information:

- Virginia's Comprehensive Services Act Policy Manual.
- Roanoke Area Mentoring Standards.
- Standard Agreement for Services signed with local service providers.
- Various State Laws and Regulations outlining the provisions of the Act and the roles of the Community Services Board and local Department of Social Services.
- Virginia Board of Counseling standards.
- Virginia Department of Health Professions Licensing requirements.

We also spoke with representatives from the Virginia Office of Comprehensive Services, local program coordinators, case workers, and vendors.

Our office worked with officials from the Roanoke Valley Juvenile Detention Center, the Court Services Unit, and the Department of Social Services to identify children who met our criteria for testing and to obtain the necessary data to evaluate billings.

Vendors were asked for documents to verify services provided and compliance with specific requirements set out in the standard agreement and mentoring standards. This included a review of criminal background checks required for mentors working with the City's at-risk youth.

RESULTS

The City of Roanoke has designed its comprehensive services program for at-risk youth in accordance with the requirements set out by State laws and regulations. The Department of Social Services has made a significant investment in two full-time positions to help ensure the City's program is effective. The Roanoke Interagency Council and the Family Assessment and Planning Team are in place and involve the appropriate agencies. In cooperation with other localities in this region, the Roanoke Interagency Council helped develop formal standards for mentoring agencies to help ensure mentors, who are not otherwise licensed or regulated, have the characteristics and skills necessary to effectively help children.

Providing services for at-risk youth can be challenging and the systems through which services are made possible are complex. Based on our test work and interviews, we offer the following observations and recommendations. Other, less substantial issues were shared with management in a separate letter.

Observation 1: Unsupported Billings

Using the invoices from the Roanoke Valley Juvenile Detention Center for calendar 2009, and payment data from the City's Advantage system, we were able to identify 70 City children who were confined at the center and received CSA services in 2009. We reviewed their case histories in the Harmony system and determined that 36 received services in the same month they were confined. We reviewed the accounting files for these 36 children and identified 70 invoices for detailed review. One [1] of the invoices could not be located by the Department of Social Services. We reviewed the remaining 69 invoices and noted the following:

- 31 of 69 invoices did not specify the dates on which services were provided.
    - Required monthly progress reports from the vendors were not on file for 29 of the 31 incomplete invoices.
    - The two [2] monthly progress reports that were on file did not include sufficient detail to determine when services were provided or the amount of time spent with the child.
    - Other documents were on file for three [3] of the 31 cases that enabled us to conclude the vendor did not bill for services on the dates the child was confined in the detention center.
- Of the 38 invoices that listed services provided by date, we noted 22 included units of service on dates when the child was confined at the Juvenile Detention Center.
    - Eight [8] were considered reasonable based on the nature of the case and the testimony from the City's CSA Coordinator.

- Three [3] were found to be appropriate based on our review of other supporting documentation from the vendor.

- One [1] did not have adequate documentation for us to conclude on the reasonableness of the billing.

- Ten [10] invoices clearly showed that services were billed for dates when the children were confined and could not have been seen by the vendor.

The City's contract with vendors provides that records must be provided to the Department of Social Services upon request. The CSA Coordinator requested daily progress notes for these cases on behalf of the Auditing department.

Vendor A billed for mentoring services on four [4] separate days, five [5] hours each day, when the child was confined at the Juvenile Detention Center. At $40 per hour, this resulted in **$800** in unsupported billings. The daily progress notes were hand written by the mentor, who is also the owner of the company. The notes listed the service dates, which were consistent with the invoice. The notes were signed by the owner and dated the same day as service was provided. The treatment notes included statements such as: *"…went to Y and played basketball"* and *"…attended softball tournament"* for those dates in question, dates when the child was confined at the Juvenile Detention Center. The Court Services Case Worker for this youth marked the invoice to indicate those hours could not have been provided; however, the invoice was paid by Social Services in full.

Vendor B billed for vocational services on eight [8] separate dates, four [4] hours each day, when the child was confined at the Detention Center. At $25 per hour, this resulted in **$800** in unsupported billings. The owner did not provide daily progress notes and instead provided a typed, monthly summary. The June report stated *"…significant improvement in attendance,"* and *"…no incidents reported during the month."* There was no mention of the child's confinement that began June 17 and continued until October 14. The vendor billed a total of 72 hours in June.

A second client of Vendor B was also invoiced for services on two [2] dates, four [4] hours each day, when the child was confined at the Detention Center. This resulted in **$200** in unsupported billings. Again, the notes provided were a monthly summary. The report stated *"…great attendance,"* and *"…no incidents reported during the month."* There was no mention of the child having to report to the Detention Center or having to appear in Court.

Vendor C billed for counseling services on three [3] dates, one [1] hour each day, when the child was confined at the Juvenile Detention Center. At $70 per hour, this resulted in **$210** in unsupported billings. The progress notes from the vendor were hand written, specified the date and time the child was seen, persons present, and were signed by the counselor, who in this case was the owner. The notes clearly indicate the child and counselor were together and they do not mention the child's confinement. The Juvenile Detention Center confirmed to our department that the child was not seen by a counselor on the dates in question.

A second client of Vendor C was invoiced for services on six [6] dates, one [1] hour each day, when the child was confined at the Detention Center. This resulted in unsupported billings of **$420**. Progress notes from the vendor clearly intended to represent that the child was seen on the dates in question and in no way acknowledged that the child was in the Detention Center at the time. We confirmed with the Detention Center that the child was not visited by a counselor on these dates.

Based on the results noted, we referred the issue to the Roanoke City Police Department. The Police Detective verified the dates of confinement with the Juvenile Detention Center. He then interviewed the owners from the three vendors involved. All three owners were unable to explain the erroneous billings and attributed the inaccuracies to administrative errors. The Detective concluded that the evidence did not indicate criminal intent based on his prior experiences with similar cases and, as a result, did not press criminal charges.

Observation 1: Management Response

These invoices should never have been billed or paid. Two of the vendors have made refunds to CSA. The third has been referred to Billings and Collections. The number of invoices that pass through the system numbers in the thousands and while errors are bound to occur our goal is 100% accuracy. Since 2009 a number of new processes have been put into place to decrease the likelihood of inaccurate payments. We would also note that the overbillings resulted in overpayments of $2430 out of total expenditures of about $13,000,000, less than .0002%.

Observation 1: Municipal Auditing Clarification

To state that overbillings represented only .0002% of total expenditures is an inaccurate and misleading projection, as Municipal Auditing staff did not test 100% of CSA program expenditures. We initially attempted to review 70 invoices; however, we could only test 38 as the remaining invoices were not completed by the vendor.

We found exceptions with 10 of the 38 invoices resulting in overpayments totaling $10,744 as reflected in Observations 1 through 3. It is more accurate to state that 26% of CSA invoices we tested billed for services not provided and 45% were not properly completed by the vendor. While our sample was not random and does not support statistically valid projections, we would argue the numbers are disconcerting.

Observation 2: Spending on Empty Beds

We identified one child who was required to report to the Juvenile Detention Center on weekends, while also being placed in a residential treatment facility. The City was invoiced the normal daily rate [$220] for weekend days when the bed was empty. The standard contract allows the vendor to bill for up to three [3] days when the child is absent without obtaining written authorization. We understood that this provision was included in the standard contract to avoid having a child lose his or her bed at a facility when an unexpected absence occurs. The CSA Coordinator stated that there are often waiting lists for residential treatment facilities.

In the case we noted, the child was consistently absent two [2] of every seven [7] days, or 29% of the time. We contacted the vendor and discussed the issue with two of the vendor's representatives. Upon reviewing the case, these representatives concluded that they should not have billed for the weekend absences based on their company's internal policies. The vendor issued a refund to the City for 30 days at $220 per day, totaling **$6,600**.

We also identified a treatment foster care service that billed for five [5] consecutive days when the child was confined at the Juvenile Detention Center. This service costs $109 per day and the contract includes the same three [3] day unauthorized absence provision that is applied to residential treatment centers. There was no written approval on file for holding this placement the additional days.

Recommendations:

The concept of holding beds for limited, unexpected absences would appear to be reasonable and sound policy. However, the City's application of this policy should be reviewed and refined with the following considerations:

1. A hold rate should be established as some percentage of the regular daily fee in recognition of the vendor's fixed costs that are not reduced during absences.

2. The contract should require vendors to contact the child's case manager immediately as absences arise. Case managers should evaluate the specific circumstances and document the basis for approving the placement hold or terminating the placement.

Observation 2: Management Response

The situation which the auditors cite, where a child has spent weekends at the Detention Center has occurred only one time. The arrangements were made upon the order of the Juvenile and Domestic Relations Court.

Our contract calls for CSA to pay for an empty bed for up to three days when a child is expected to return to the placement. This ensures that there will be a bed available when the child is ready to return. When the contracts are renewed for Fiscal Year 11-12 we will

recommend to the RIC and the Regional Steering Committee that we discuss with the vendors the establishment of a hold rate for situations such as these.

Upon renewal of contracts with the providers as cited above, we will recommend to the RIC that this provision be added to the standard contract. We will discuss the need for documenting the need to retain a bed with the case managers.

Observation 3: Per Diem Based, Non-Residential Services

One vendor provided services on a per diem basis. The invoices from this vendor were not marked as to the number of contact hours with client, but were marked as to the dates of service. We asked the vendor for daily progress notes and were told daily notes were kept in the employee's file, but that they could provide weekly progress notes that were in each child's file. Based on our review of the weekly progress notes and the associated invoices, we noted the following:

- No services were provided on 21 of the days marked on invoices.
- The number of days billed exceeded the number authorized by the Family Assessment and Planning Team.

	# of Days		Contact Hours	Effective Hourly Rate
	Authorized	Billed		
1	21	17	(a)	(a)
2	22	23	29.25	$56.03
3	21	31	69.50	$31.78

(a) Progress notes did not document contact hours.

When questioned about the invoices, the vendor representative stated that they were a per diem-based service, on call 24/7 to serve the child and the child's family in any way necessary. As such, the vendor bills $71.25 per day, regardless of the amount of time spent with the family and child. The CSA Coordinator believed this service model was in accordance with the expectations of his office and the Roanoke Interagency Council. This per diem approach was not described in the written agreement or other formal documents. Invoices only authorized 21 to 22 days indicating that the case worker and planning team did not intend for the vendor to be on call every day of the month.

The essence of this service model is to utilize an advocate that works with the various issues a family might have that impact an at-risk child. The advocate may serve as a mentor, may provide transportation for a parent or child to make appointments, may assist with essential expenses such as utilities or clothing, may take the child to dine or to an activity, and may help identify other community based services to help the family. While this model may be conceptually sound, the progress notes reflected an undisciplined and poorly documented approach:

- Sections, such as school attendance, were routinely left blank.
- Goals were not defined and usually activities or tasks were listed in place of goals: examples include "check on family," "build rapport," "take to gym," "house," "court."
- Interaction with the child's case worker was not indicated based on progress notes.

- The value of expenses paid by advocates were not documented,

- The reasons for paying expenses were not consistently documented.

The case notes and invoices provide the case worker and the Family Assessment and Planning Team with inadequate information on which to evaluate the cost effectiveness of the services, the need for additional services, and the conditions that will ultimately enable ending services.

Recommendations:

1. The standard agreement should be modified for non-residential services that are per diem-based to clearly express the scope of services to be provided.

2. Case workers should work with the advocates to ensure goals are specific and substantive, such that progress towards achieving the goals can be clearly judged.

3. Advocates should be required to provide monthly progress reports to case workers. Reports should describe the progress towards goals and also specify the amount, nature, and reason for expenditures made for the benefit of the client.

Observation 3: Management Response

The use of a per diem service was new during the time period cited. Per diem services are used in only a few cases. The number of days paid was based on approval by the CSU case manager.

We concur with these recommendations and have discussed them with the vendor. An alternative to per diem rates is being explored with the vendor and the CSA Coordinator. Recommendations will be made to the RIC for inclusion in the contract for FY 2012.

Observation 3: Municipal Auditing Clarification

Based on our review of the payment data from the City's Advantage system, the vendor was utilized throughout fiscal year 2010 and received payments totaling approximately $196,000.

Observation 4: Case Management

Based on the results of our testing, as well as our interviews with case managers, we noted issues with both the design and operation of internal controls necessary to help ensure children receive cost effective, appropriate services.

- Vendors whose fees are based on contact hours with the child are not required to obtain a signature from the parent or guardian to confirm the hours billed.

- Vendors did not submit required monthly progress reports to case workers in 27 of 29 cases tested. These reports are necessary for case managers to evaluate the child's progress, as well as evaluating the vendor's compliance with the treatment plan and service contract.

- The requirements for timely reporting and invoicing are not consistent between the standard vendor agreement and the Roanoke Area Mentoring Standards.

Document:	Standard Agreement:	Mentoring Standards:
Invoice	Within 5 working days of the end of the month	10 calendar days following the service month
Monthly Progress Reports	By 14th day of the following month	Within 15 calendar days of the subsequent month
Quarterly Progress Reports	14 days prior to FAPT review date	Not addressed
Discharge Summary	Within 7 days of discharge	No later than 30 calendar days after discharge

- The required content of the monthly progress report is not specified in the standard agreement or the mentoring standards.

Recommendations:

1. Revise the standard agreement and mentoring standards so that they are consistent.

2. Require that vendors obtain some form of written acknowledgement from families for each visit / contact. [**See sample log – Exhibit 1**]

3. Require vendors to submit invoices and contact log by the 5th working day of the following month so that case workers more adequate information on which to validate invoices.

4. Specify the information required to be in monthly progress reports.

5. Require vendors to submit satisfactory monthly progress reports to case managers within 15 days of the end of the month. Subsequent invoices should not be paid until the required monthly progress reports have been provided to the case manager.

6. Case managers should have the authority and responsibility to reduce the approved service units at any point in time based on their review of progress notes and interactions with the child and provider. This would support greater accountability and more prudent allocation of resources.

7. Invoices should only be paid as approved by case workers.

Observation 4: Management Response

We will recommend to the RIC and to the Roanoke Area Mentoring Standards Committee that the standard agreement and the mentoring standards be consistent.

We do not believe, based on past experience, that having the parent or guardian sign a "timesheet" will eliminate fraud. Some of our clients are notably uncooperative and the need to sign a timesheet would lend itself to creating more conflict between the client and the provider. It has also been known to create a situation where other types of fraud can take place.

The current contract already requires that vendors submit invoices by the 5th working day of the following month. Staff have been diligent in enforcing this standard and have sent letters to specific vendors reminding them of this requirement.

This item will be referred to the Best Practices Committee of the RIC to determine the information that should be included in progress reports.

We agree that providers should provide monthly progress reports. We will determine the best way to ensure that these reports are received timely. It would not be wise to have case managers "hold" invoices as this will make monthly expenditure reporting less accurate, as well as creating an additional burden for case managers.

The CSA process requires that the service plan be developed by the FAPT in a multidisciplinary team setting. Changes to service plans or in the services provided must be approved by the FAPT as soon as possible following any reduction in services, and services cannot be increased without the recommendation of the FAPT. Email or telephone votes are taken in an emergency and then reviewed fully at the next FAPT meeting. Changes in services require the issuing of a new purchase order and new invoices.

CSA procedures require that invoices may be paid only after the approval of and as approved by the case worker. All incorrect invoices should be returned to the vendor for correction. Any variation from this procedure is an anomaly. We will be diligent in ensuring that such an error does not recur.

Observation 5: Utilization Management

The CSA Policy manual published by the Commonwealth requires each locality to have a locally determined utilization management plan for CSA. The primary purpose of utilization management is to help ensure appropriate and efficient use of resources. In order to accomplish this goal, a utilization coordinator needs timely data to evaluate so that he or she can look across cases and discern treatment protocols that have been most effective, as well as outliers for which the treatments appear overly lengthy and expensive. Such cases could then be reviewed in more detail to address cost overruns.

Based on the results of our testing, we believe an effective utilization management program would have helped to identify over-billing of mentoring and vocational services. Children and families were not receiving the level of services that were being billed, yet the efficiency or effectiveness of these services did not come into question. This would imply that we were achieving what were considered satisfactory results with significantly fewer hours of contact time than reported. Consider the following data showing mentoring services approved for one child over a 21-month period:

Year	Month	Approved Hours	Hourly Rate	Supervisor Fee	Total Allowed
2008	July	67	$38.50	$60	$2,640
	August	67	$38.50	$60	$2,640
	September	67	$38.50	$60	$2,640
	October	60	$38.50	$60	$2,370
	November	60	$38.50	$60	$2,370
	December	60	$38.50	$60	$2,370
2009	January	63	$38.50	$60	$2,486
	February	63	$38.50	$60	$2,486
	March	63	$38.50	$60	$2,486
	April	63	$38.50	$60	$2,486
	May	63	$38.50	$60	$2,486
	June	63	$38.50	$60	$2,486
	July	43	$40.00	$60	$1,780
	August	43	$40.00	$60	$1,780
	September	43	$40.00	$60	$1,780
	October	35	$40.00	$60	$1,460
	November	35	$40.00	$60	$1,460
	December	35	$40.00	$60	$1,460
2010	January	35	$40.00	$60	$1,460
	February	35	$40.00	$60	$1,460
	March	35	$40.00	$60	$1,460
					$44,046

This child also had a sister who received the exact same allocation of mentoring hours over the same period. These children could have received additional mentoring services as we only requested invoices for the period we were testing and did not look at times prior to July 2008 or after March 2010.

As noted earlier, progress reports were not consistently filed by vendors, resulting in incomplete and poor quality data regarding a child's progress. In our opinion, treatment goals and activities were poorly documented. We found a general absence of purpose and focus related to mentoring services. This translated into what we concluded to be haphazard planning without adequate data to support the level of services approved by the Family Assessment and Planning Team. The authorized expenditure of approximately $88,000 for mentoring services to one family should be subject to a more rigorous utilization management process.

Recommendations:

1. The Department of Social Services should immediately promote reducing the number of mentoring hours typically awarded to vendors until more meaningful information on contact hours, goals and activities is regularly being provided by vendors.

2. The Utilization Coordinator should develop a utilization management plan that includes procedures that identify lengths of services and costs that are outside valid norms. Given the questionable validity of historical data, norms will need to be established based on future case data.

3. Utilization management processes should be continuous and the findings and conclusions should be communicated to all agencies and case workers as they are developed so that changes are made on a timely basis.

Observation 5: Management Response

We would note that the purpose of CSA is to provide services that are "child specific and family focused". This means that there will be service plans that may deviate substantially from statistical norms. The case cited, clearly an outlier, is the result of specific planning for a specific family, and is not representative of CSA service plans. It is also instructive to note that if this same child had been placed in a *modestly* priced group home situation we could expect to pay a minimum of $10,000 per month for a total during the period of $210,000.

In 2010 the RIC established a new policy that restricts the use of community based services to one service at a time, except when there is an overwhelming need to the contrary, i.e., when the failure to provide the extra services is likely to result in a child being placed in a congregate care facility or where such failure will prevent a child from returning home. Specific goals and strategies are identified and the FAPT continues to review each case on at least a quarterly basis. As has been the policy, vendors are expected to attend the FAPT meetings either in person or by conference call.

Utilization monitoring and review are a continuous process. The FAPT is our most rigorous utilization management tool. In the FAPT meetings the specific conditions, needs and goals of the child are reviewed and discussed, and a consensus reached on the efficacy of services. The costs of the plan and its reevaluation schedule are also reviewed and discussed. The

appropriate vendor is determined when possible. This interdisciplinary approach results in effective service authorization and utilization.

Until 2009 there were several different FAPTs composed of different members. The RIC determined that it would be more effective to have consistent membership on the FAPT. Since that time there has been only one FAPT which meets eight times each month.

Quarterly the FAPT reserves one of its meetings for a planning meeting in which the FAPT members review the process for staffing cases, discuss any issues which may have come to light during the previous quarter. The FAPT may make recommendations to the RIC for process or policy changes, and review RIC directives.

The Utilization Coordinator has also developed a plan to determine if there are other funding sources for services that can be used in lieu of CSA. She has secured EPSDT, as well as Medicaid, for funding for those children who are eligible.

The CSA program served 620 children in FY 2009 and another 620 in FY 2010. Given this volume it is not possible for the Utilization Coordinator to review every case every month outside of the FAPT process.

Observation 6: Background Checks

Vendors providing mentoring services are supposed to obtain a criminal history, child protective services, and driving record [DMV] background check on each employee assigned to work with City children. We requested copies of the background checks for those individuals identified on the invoices we tested. One vendor, who had closed its Roanoke office by the time we requested the information, did not provide any of the requested background checks. Another vendor obtained the background checks after our request; however, the employees involved did not have histories that would have disqualified them from working with children.

- Of the 12 background checks requested, four [4] were not received.
- One [1] of the remaining eight [8] did not provide a child protective services check.
- One [1] of eight [8] did not provide a DMV check.

We noted that the standard agreement only addresses the requirement for the child protective services background check. The criminal history and DMV checks are stipulated in the Roanoke Area Mentoring Standards. The mentoring standards do not specifically apply to vendors providing vocational services, but such vendors are encouraged to follow the mentoring standards. The vendor that did not provide records was a vocational services provider.

Recommendation:

1. The regional teams formed to review and qualify agencies providing mentoring services should thoroughly document their reviews, including the names of employees whose background checks were reviewed.

2. The standard city contract should be revised to include the requirements for criminal history and DMV background checks.

Observation 6: Management Response

The regional team reviews files and procedures for each mentoring vendor every year. They review agency policies and procedures as well as personnel files. They make a report to the RIC with their recommendations for those organizations that have met the Roanoke Area Mentoring Standards. We will recommend to the RIC that the specific monitoring reports be reviewed by the Best Practice Committee.

We do business with agencies that are licensed by the state. Their licensure requires them to have complete background checks on all staff. Failure to do so would result in the organization becoming ineligible for licensure. Notwithstanding this requirement, we will recommend to the RIC and to the Regional Steering Committee that our standard agreement also contain this requirement.

Observation 7: Family Assessment & Planning Team

The State code states that localities may include a vendor representative on the Family Assessment and Planning Team. There is no compensation for serving on the team and conflict of interest provisions require that vendors abstain from approving cases for which they provide services to the child.

The City's Family Assessment and Planning Team included a vendor representative. In our test work, we noted that the vendor representative did approve one treatment plan that included services to be provided by her own company. Based on our interviews with case managers who had presented cases to the Planning Team, their vendor recommendations were typically approved by the Planning Team without modification.

We believe that the potential for conflicts of interest, as well as the risk of subduing more open dialogue the Team might have about the effectiveness of treatments and service providers, potentially out weighs the benefits realized from having a vendor representative on the Team. The vendor community would continue to be represented on the Roanoke Interagency Council, as mandated by law, which in our opinion is a more appropriate forum for vendor input.

Recommendation:

1. The Department of Social Services should not include a vendor representative on the Family Assessment and Planning Team.

Observation 7: Management Response

While the possibility of conflict on interest issues is always present, the CSA program attempts to reduce this possibility. Every new provider member of the FAPT undergoes training which includes training on the CSA program's expectations regarding appropriate behavior at FAPT other CSA related meetings. This training includes the expectation that members will abstain from votes involving their own agencies, refrain from advocating for services provided by their own agencies while in FAPT, and identifying themselves as "community partners" when introducing themselves to case managers and families. Private providers serving on either the FAPT or the RIC have limited terms and rotate off those groups regularly. Providers who wish to be considered for membership are required to submit applications and those applications are reviewed and recommendations made to the appointing body. We would note that attendance at multiple meetings each month with no compensation is a major commitment on the part of a provider.

It is standard across the state for private providers to serve on FAPT. We believe as do other jurisdictions that they add value to the process by bringing a different perspective to the table when considering the needs of children and families.

In spite of our belief that provider representation is valuable, we will recommend to the RIC that provider representation be eliminated from the FAPT and limited to the RIC as required by law.

Observation 8: Vendor Relationships

The State code provides exemptions from competitive bidding and negotiation for public bodies purchasing services under the Comprehensive Services Act for At-Risk Youth and Families. There are substantial public dollars expended on CSA services that are paid to private and non-profit entities. The following table lists the top ten cumulative amounts paid to individual vendors as reported in the City's financial system, from **July 1, 2006**, through **October 1, 2009:**

Vendor	Amount Paid
# 1	$ 4,169,654
# 2	$ 3,915,092
# 3	$ 3,727,768
# 4	$ 3,545,479
# 5	$ 2,717,191
# 6	$ 2,320,201
# 7	$ 1,189,666
# 8	$ 915,013
# 9	$ 863,195
#10	$ 819,200
Total Paid	**$ 24,182,459**

Total payments to the three vendors discussed in Observation 1 of this report were as follows:

Fiscal Year	Vendor A	Vendor B	Vendor C
2007	$ 156,336	$ 47,291	$ -0-
2008	$ 199,141	$ 68,722	$ -0-
2009	$ 256,560	$ 150,308	$ 38,770
2010	$ 286,200	$ 210,637	$ 157,960
Totals:	**$ 898,237**	**$ 476,958**	**$ 196,730**

The case worker, who would be expected to have the most intimate knowledge of the child's issues and circumstances, is primarily responsible for identifying an appropriate service provider. Input may be given by co-workers, supervisors, and members of the Family Assessment and Planning Team. The collective experiences with providers enable case workers to make informed decisions as to which vendor may best serve the specific circumstances of a given child [age, emotions, family situation, etc.]. This is likely the basis for exempting provider selection from competitive processes. Vendors are required to charge the City in accordance with rates given to other government programs, such as Medicaid.

Over the course of our test work, we noted that case workers, coordinators, and other persons involved in awarding services sometimes establish close relationships with vendors. This is a natural by-product of collaboration and common professional interests. Public employees often have the same professional designations, background and education as service providers. Employees sometimes set up their own businesses or go to work for a vendor after

leaving city employment. The risk that someone's personal feelings or personal interests could influence his or her professional judgment exists and cannot be entirely controlled. In addition to improving utilization management processes, vendor reporting, and the structure of the Family Assessment and Planning Team, we feel there are other small changes that can help reduce the risk of undue vendor influence on the award of services.

Recommendation:

1. The Department of Social Services should revise the standard agreement for services to explicitly prohibit vendors from providing anything of value to Social Services employees, members of the Roanoke Interagency Council, or members of the Family Assessment and Planning Team. This would include money, food, meals, trips, and other tangible goods.

2. Internal policies and regulations should explicitly prohibit employees, members of the Roanoke Interagency Council, and members of the Family Assessment and Planning Team from accepting anything of value from vendors.

Observation 8: Management Response

It is not unusual for providers to receive significant business because the number of providers available to us is limited. For example there are only two private day schools for special needs children available in Roanoke. Similarly there are a very limited number of treatment foster care providers.

To our knowledge no former employee has opened his/her own business after leaving his/her position with a CSA involved agency. Two current CSU employees operate their own business as partners. They are precluded from providing services to any court involved children in any locality. The use of this provider was discussed at length by the RIC and with our attorney before being approved as a provider. As stated it can be expected that professional social work staff will move on to other jobs in the private sector for career development and increased compensation.

To our knowledge vendors have not offered items of value to staff. We will recommend to the RIC that the standard contract be revised to prohibit vendors from providing any tangible goods to staff involved with the CSA process.

We will recommend to the RIC that a policy prohibiting anyone involved with the CSA process from accepting anything of value from a vendor or potential vendor be established.

Observation 8: Municipal Auditing Clarification

Based on testimony and other evidence, vendors have taken employees involved in the CSA process to lunch at the vendors' expense. Employees have also engaged in social activities with vendors that contribute to concerns about conflicts of interest and complacency in overseeing the effectiveness and costs of services.

CONCLUSIONS

Our testing focused on children who were confined by the Juvenile Detention Center on the theory that a child could not be in two places at one time. This allowed us to base our conclusions on facts, without having to ask children and guardians to testify. Our approach was in no way based on concerns with the Court Services Unit and in fact, we found the management and employees of the Court Services Unit to be very helpful and constructive in evaluating the issues we have discussed.

We believe that our audit results highlight the fact that billings for some hourly, community based services, such as mentoring and vocational training, are susceptible to error and fraud risks. The opportunity to misrepresent contact hours for such services is even greater under circumstances in which the child is not subject to confinement or other commitments. It is hoped that improved internal controls will help prevent inflated billings as well as providing clearer insight into the effectiveness of mentoring, vocational, and other community based services.

We would like to thank the employees and managers in the Department of Social Services, the Court Services Unit, the Police Department, the City Attorney's Office, and the City Manager's Office for their assistance and cooperation during the audit.

Pam Mosdell

Pam Mosdell, CIA, CISA
Information System Auditor

Dawn Hope Mullins, CPA
Assistant Municipal Auditor

Drew Harmon, CPA, CIA
Municipal Auditor

EXHIBIT 1

(ATTACHMENT)
SERVICE PROVIDER
CONTACT LOG*

CLIENT: _____ PROVIDER: _____

LOG FOR THE MONTH OF (circle): Jan Feb Mar April May June July Aug Sept Oct Nov Dec

Contact	Total Hours	Service Type (Check One)	Client/Guardian or Designated Representative Signature** and Relationship to Client
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	
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DATE: TIME IN: OUT:		☐ MENTOR ☐ CONSULTANT ☐ COUNSELOR ☐ BEHAVIOR SPECIALIST ☐ THERAPIST ☐ OTHER (SPECIFY):	

*THIS FORM MUST BE SUBMITTED WITH EACH MONTHLY INVOICE.

**THIS SIGNATURE ATTESTS TO THE ACCURACY AND VALIDITY OF THE CONTACT INFORMATION.