

MINUTES

Audit Committee of Roanoke City Council

Location: Council Conference Room
Noel C. Taylor Municipal Building, Room 451 South

Date: June 1, 2011

Time: 4:00 p.m. to 5:22 p.m.

Attendees: Sherman Lea, Audit Committee Chair
David Trinkle Audit Committee Member
Court Rosen, Audit Committee Member
Anita Price, Council Member
Drew Harmon, Municipal Auditor
Dawn Hope Mullins, Assistant Municipal Auditor
Pam Mosdell, Information Systems Auditor
Debbie Noble, Senior Auditor
Ann Clark, Senior Auditor
Octavian Reeves, Senior Auditor
William Hackworth, City Attorney
Ann Shawver, Director of Finance
Chris Morrill, City Manager
Brian Townsend, Assistant City Manager for Community Development
Sherman Stovall, Assistant City Manager for Operations
Jane Conlin, Director of Human Services/Social Services
Gerry Jennings, CSA/FAPT Coordinator
Rodney Hubbard, Director 23-A Court Service Unit
Angela Hodnett, Human Services Business Administrator
Margaret Lindsey, RCPS
Mason Adams, Roanoke Times Reporter
Rebecca Barnett, Roanoke Times Photographer
Valerie Garner, Independent Reporter

Call to Order:

Mr. Lea called the meeting to order at 4:00 p.m. He noted that Mayor Bowers had wanted to attend the meeting, but was representing a client in Roanoke County Court this afternoon and may be late or not able to attend. Mr. Lea, Dr. Trinkle, and Mr. Rosen were in attendance.

Mr. Lea asked Mr. Harmon to present the audit reports.

Clerk of the Circuit Court:

This is an annual audit required by the Virginia Auditor of Public Accounts [APA]. The APA specifies the audit work to be performed. The Municipal Auditing department performs part of the audit in lieu of the city paying an audit fee. The scope of the audit work performed by Municipal Auditing this year included civil cases, deeds, wills, and trust funds. There were no findings noted by Municipal Auditing, nor by the APA. Both reports were provided to the Committee for their review.

The Committee had no questions and the reports were received and filed.

Police Cash Funds:

This is an annual audit conducted in support of the Police Department's accreditation requirements. Based on the accreditation requirements, the scope of the audit was reduced to cover only the cash funds managed directly by the Police Department, including federal forfeiture funds. Municipal Auditing historically audited most of the fees assessed by the Police Department, as well as cash and property inventoried in the property room. Municipal Auditing decided that these funds should be audited on a less frequent basis going forward, given the limited funds involved and level of effort required to audit them. There were no audit findings in this report.

The Committee had no questions and the report was received and filed.

Comprehensive Services Act:

Mr. Harmon began by explaining that this audit had the narrow objective of determining if community-based services that were billed to the City were actually provided to the children involved. Children who were detained at the Juvenile Detention Center were identified for testing on the premise that service providers could not have seen the children on days the children were detained. The audit proved vendors had billed for services they did not provide.

Mr. Harmon stressed that the audit was not designed to evaluate the processes involved in administering the CSA program. However, testing did require reviewing case files and vendor contracts, as well as interviewing case workers and vendors. This enabled Auditing to identify opportunities for strengthening processes.

Mr. Harmon noted that CSA continues to depend primarily on paper records, as opposed to electronic medical records that the health system is working towards. This paper-based information is difficult to share and process, making it more challenging for agencies to have a complete picture of the services provided to a child and the child's progress.

Mr. Lea asked that Committee members hold their questions until after the City Manager's presentation on CSA.

Mr. Morrill provided a printed slide show to members of the Committee that provided an overview of the CSA program and the administration's efforts to improve the program. He discussed the structure of the CSA program locally and provided an overview of the process. Mr. Morrill provided information about the number of children served and the amounts expended on various services, as well as the improvements made since 2009. He noted that the Department of Social Services has improved its processes using a six sigma approach and that employees have been empowered to stop the payment process whenever they have questions or concerns about an invoice.

At the end of the presentation, Mr. Morrill noted that the City was one of three (3) localities to volunteer for a Quality Services Review from the Virginia Department of Social Services. The review was performed by the Virginia Department of Social Services May 16, 2011, through May 20, 2011. The full report is expected to be received within 60 days.

Mr. Morrill asked that the Committee consider conducting a follow up audit on the CSA findings soon to verify progress has been made and to help support continued improvements.

Mr. Lea recognized Dr. Trinkle for comments.

Dr. Trinkle acknowledged the challenges in managing mental health services for children and agreed with the need to have electronic medical records. Ms. Conlin responded that confidentiality requirements present barriers to sharing information, noting that medical records of adolescents are even confidential from their parents. Mr. Harmon noted that the Harmony system was purchased in 2003 to address data issues and enable better case management and utilization review. The system has not been adequately developed to realize its full potential.

Dr. Trinkle asked about the source of referrals to CSA. Ms. Conlin responded that they can be court ordered, or referred by one of the participating agencies.

Dr. Trinkle asked if the vendor serving on the Roanoke Interagency Council was implicated in this audit. Ms. Conlin stated that the vendor was not implicated.

Dr. Trinkle asked how vendors are paid when the child doesn't keep an appointment. Ms. Conlin stated that the vendor should only bill for the hour used going to the appointment.

Dr. Trinkle noted that children are sometimes eligible for services funded from more than one source and asked if this had been audited. Mr. Harmon stated that other sources of funds were not included in this audit.

Mr. Rosen asked what has been done to improve the meaningfulness of the mentoring services being provided. Ms. Conlin stated that there is a best practices committee working on improved standards for mentoring that will specify the type of information to be provided by vendors in their reports. She also noted that vendors are being required to provide greater detail about the services provided when presenting cases at the Family Assessment and Planning Team [FAPT] meetings.

Mr. Rosen asked Mr. Morrill where Roanoke CSA ranks on a scale from 1 to 10, if the goal is 10. Mr. Morrill responded that any city would probably never rate a 10 as there are always improvements that can be made. He thought Roanoke would rate a 7 or 8 on such a scale. Mr. Morrill noted that the quality service review from the State should inform the City about areas in which it needs to focus and improve.

Mr. Rosen was troubled by the fact that 26% of the invoices tested included billings for services not provided. He expressed skepticism that this number of billing errors could be unintentional. He asked if this could be tested further to determine the extent of the problem. Mr. Harmon responded that it was difficult to prove services were not provided. He stated that a statistical sample might be possible, but that it would require interviewing a significant number of parents, guardians and children in order to determine if services were provided as billed. Mr. Morrill noted that the bulk of CSA expenditures are in foster care and suggested that all services might need to be included if testing were conducted.

Mr. Lea emphasized his concern with the percentage of errors noted and the fact that an entire month was billed in error.

Mr. Rosen asked if the Commonwealth Attorney's office had been consulted. Mr. Harmon stated that a copy of the report was provided to the Commonwealth's Attorney and that he would contact him to discuss it. Mr. Harmon noted that the Virginia Office of Comprehensive Services had been in contact with him. The State plans to offer audit firms training on CSA and has invited local government auditors to attend. Mr. Rosen supported performing the follow-up audit as soon as practical.

Dr. Trinkle asked if there were any penalties assessed to the vendors involved. Ms. Conlin stated that no penalties were assessed but noted that vendors would be required to refund the amounts in question.

Mr. Lea referred the Committee to page six (6) of the report, under the "Vendor A" section, and asked how an invoice was paid when it was marked "do not pay." Ms. Hodnett responded that the invoices appeared to be complete, having all the required signatures and information, and that the remark not to pay was on the lower part of the invoice and was overlooked. Mr. Harmon stated that the auditor asked the staff person involved about the "do not pay" remarks on the invoices and was told a supervisor instructed her to pay them. Based on various conversations with the people involved, the auditor concluded that the supervisor was shown the invoice and did instruct that it be paid.

Mr. Lea stated that the City has to assure the public that mistakes of this kind will not occur again. The culture and mindset that allowed this to happen must be gone. Community services are important and we cannot allow issues of this type to scar the good work being done in community services. Mr. Lea stated he felt encouraged by the attention being given to this issue by City management. He noted the importance of conducting audits to help ensure issues of this type don't occur.

Ms. Price expressed her appreciation for everyone's efforts in addressing the issues raised with community-based services. Ms. Price noted that these were important issues and that they must first be acknowledged in order to then address them.

Ms. Price asked if background checks will now be required in the standard contract. Ms. Conlin responded that yes, they would be required.

Ms. Prices referred to page 11 of the report discussing issues with daily and weekly progress notes. Ms. Conlin responded that those issues have been addressed with the vendor. Ms. Price expressed her concern that daily and weekly progress notes are important and should be documented.

Ms. Price asked how collaboration could be improved among all service providers in the area. She noted that mentoring does not have to be provided through CSA.

There being no further comments or questions, the report was received and filed.

Call for other Business Requiring the Committee's Attention:

None noted.

Adjournment:

Mr. Lea thanked the Committee for their participation. The meeting adjourned at 5:22 p.m.

Drew Harmon, CPA, CIA
Municipal Auditor
Audit Committee Secretary