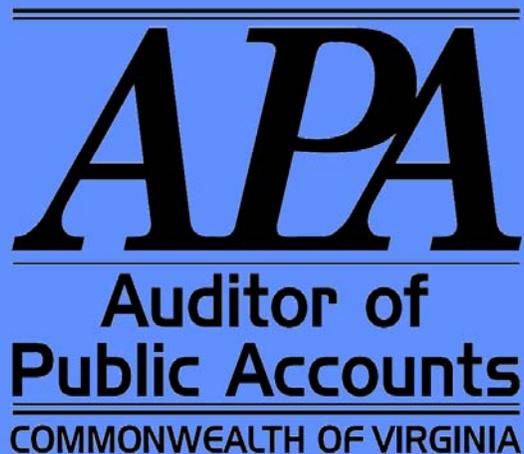


**REVIEW OF THE COMPREHENSIVE SERVICES ACT
FOR AT-RISK YOUTH AND FAMILIES PROGRAM
IN PITTSYLVANIA COUNTY, VIRGINIA**

NOVEMBER 2010



SUMMARY

Our audit found the inappropriate use of state funds and a significant lack of internal controls over the Comprehensive Services Act in Pittsylvania County. Specifically we found the following issues.

- Pittsylvania County may owe the Commonwealth \$7.7 million because they received reimbursement for ineligible students and services under the CSA program.
- Overall, Pittsylvania County does not have adequate policies, procedures, and controls over the CSA program. There is also a lack of communication and coordination between the School Board Office, the Community and Policy Management Board, and the CSA Coordinator.
- Pittsylvania County Schools and Pittsylvania County's Social Services Department do not have proper policies, procedures, and controls in place to properly contract with CSA service providers. They spent \$14.5 million and \$165,000, respectively, without written agreements with the service providers.
- Although Pittsylvania County's CSA expenses are inappropriate, the data reported to the Department of Education related to student counts for CSA are appropriate.
- The complexity of the CSA program increases the risk of misuse.

The Auditor of Public Accounts performed a review of the Comprehensive Services Act (CSA) program in Pittsylvania County at the request of the Office of Comprehensive Services and the Department of Education.

We recommend the following actions be taken:

- The Pittsylvania County Administrator should work with the Office of Comprehensive Services to determine how to return the \$7.7 million in state funds to the Commonwealth.
- Pittsylvania County School Board and the Board of Supervisors should conduct internal reviews of their respective operations and implement appropriate internal controls to oversee their portion of the CSA program.
- Pittsylvania County School Board Office should work with the Community and Policy Management Board and the CSA Coordinator to develop and implement adequate policies, procedures, and controls over the fiscal and administrative aspects of the CSA program, including proper controls over the procurement and contracting for services.
- The Office of Comprehensive Services, in collaboration with the Departments of Education, Social Services, and Medical Assistance Services, should provide background and guidance to the CPA firms with the audit specifications that will assist the firms in understanding the program. In addition, during the annual update of the audit specifications, OCS should develop "hot topics" or "current issues" surrounding the program and service eligibility that the local CPA firms should be aware of during their audit work.

- TABLE OF CONTENTS -

	<u>Pages</u>
SUMMARY	
INTRODUCTION	1
SUMMARY OF THE CSA PROGRAM	2-8
HISTORY OF THE CSA PROGRAM	8-10
CONCERNS OVER PITTSYLVANIA COUNTY CSA PROGRAM	10-11
AUDIT RESULTS – PITTSYLVANIA COUNTY CSA PROGRAM	11-16
STATE LEVEL ISSUES	16-18
CONCLUSION	19
TRANSMITTAL LETTER	20
OFFICIAL RESPONSES AND AUDITOR’S COMMENTS	21-31
RESPONSIBLE OFFICIALS	32

Introduction

The Office of the Auditor of Public Accounts performed a review of the Comprehensive Services Act for At-Risk Youth and Families Program (CSA) in Pittsylvania County at the request of the Office of the Comprehensive Services (OCS) and the Department of Education. These entities performed an onsite review of the Pittsylvania County CSA program at the request of the new Community Policy Management Board chair. This review brought to light significant issues that concerned OCS and Education, which were beyond their scope to review. OCS and Education notified this Office of their concerns on July 13, 2010 and requested that we perform a review of the Pittsylvania County CSA program and its controls.

Objectives:

The objectives of the review are as follows:

- To determine whether Pittsylvania County students and the CSA funded services the students received are eligible for CSA funding.
- To ensure Pittsylvania County used appropriate vendors to provide CSA funded services and that contracts exist to support vendor payments.
- To ensure that Pittsylvania County properly reported to the Commonwealth student data that affects CSA and Education funding.
- To determine whether Pittsylvania County has established and implemented adequate internal controls over CSA expenses.

Scope and Methodology:

The scope of our review included all children who received CSA funding in fiscal years 2009 and 2010. For those 269 children, we also looked at the CSA funded services that they received in fiscal year 2008. Our population represented approximately \$19.3 million in state and local funding.

We researched applicable Code of Virginia sections, CSA policies, and Pittsylvania County policies and procedures. We interviewed key personnel in the Office of Comprehensive Services, Department of Education, and Pittsylvania County. We obtained CSA expense and eligibility data from both OCS and Pittsylvania County for review, analysis, and testing. We obtained student count data from Education and verified it with Pittsylvania County data. We reviewed student and service eligibility for CSA funding. We reviewed Pittsylvania County's procurement process over CSA funded services. We reviewed the policies and procedures over the automated Individual Education Plan system Pittsylvania County Schools uses and reviewed the information in the system for accuracy. We investigated allegations of conflict of interest in relation to the procurement of private day school services.

Summary of the CSA Program

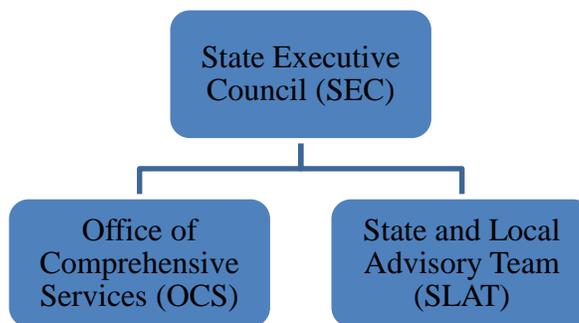
Background

The passage of the Comprehensive Services Act by the 1992 Virginia General Assembly was in part a response to concerns about the increasing cost of residential treatment for at-risk children. In addition to being costly, the treatment often proved to be ineffective when the children returned home because their home and community environments remained the same. Children receiving residential treatment also tended to require services from two or more state agencies. Thus, the intent of the Comprehensive Services Act was to create a child centered, family focused, and community-based system to assist troubled and at-risk youths and their families in the least restrictive environment by managing funds at the local level. The Act was supposed to provide flexibility to local communities in using CSA funds and in making decisions about the services needed by the children and families within those communities.

Organization and Authority Structure

State Management Structure

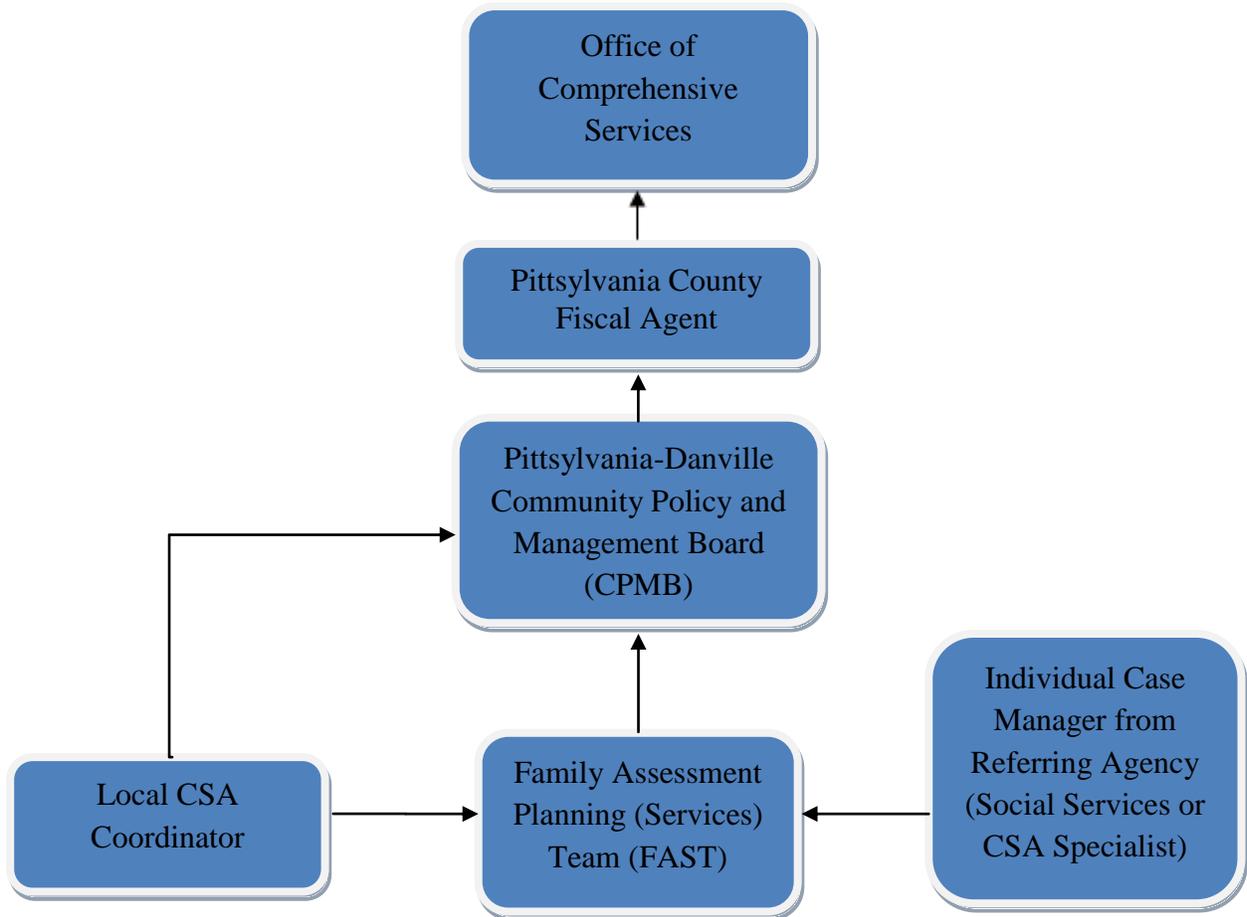
The state management structure consists of three entities; the State Executive Council (SEC), the Office of Comprehensive Services (OCS), and the State and Local Advisory Team (SLAT). Through their various roles, these entities collectively provide the necessary oversight, training, and assistance to the local CSA programs.



The SEC is responsible for developing policy and providing oversight. OCS provides training and technical assistance to local CSA programs, advising the SEC on program and fiscal policies, collecting expenditure and service data from localities, and maintaining a database of providers of CSA services. The SLAT is responsible for making policy and administration recommendations to the SEC and providing training and technical assistance to local CSA programs. Representatives from the Departments of Behavioral Health and Developmental Services, Education, Health, Juvenile Justice, Medical Assistance Services, and Social Services are members of the SEC and the SLAT.

Pittsylvania's Local Management Structure

Each locality must have a Community Policy and Management Team (or Board) that establishes and appoints one or more Family Assessment and Planning Teams. Pittsylvania County and the City of Danville have a combined CPMB. However, CSA tracks all cases and expenses separately. This review applies only to Pittsylvania County. The local management structure for Pittsylvania County is as follows.



The Community Policy and Management Board (CPMB) coordinates agency efforts, manages available funding through approval of services for funding, and develops local policies. This board also appoints a board member as fiscal agent, who has responsibility for certifying local CSA expenses to the Office of Comprehensive Services to receive reimbursement of funds. The CPMB receives guidance from the Office of Comprehensive Services.

Case Managers from referring agencies present cases to the Family Assessment and Planning (Services) Team (FAST). The case managers present cases, make recommendations, arrange for services, and are responsible for case management. The FAST conducts risk assessments, determines eligibility, develops service plans, and conducts periodic reassessments. The FAST develops service plans called Individualized Family Service Plans (IFSP). The local CSA Coordinator acts as a liaison between the FAST and the CPMB, is responsible for the daily administration of the CSA program, and serves as a resource on state and local CSA policies.

Eligibility for Funding

In order to receive funding through the state pool of CSA funds, a child must meet one or more eligibility requirements or must be part of the targeted or mandated population.

Eligibility requirements:

- Children with emotional or behavioral problems
- Children with emotional or behavioral problems with imminent risk of entering purchased residential care and must require services/resources beyond normal agency services
- Children requiring placement for special education purposes in a private school educational program
- Children placed in foster care through parental and social services agreement

Targeted Population:

- Children placed in private educational program for purposes of special education
- Children with disabilities placed in private residential facilities or special education day schools
- Children receiving foster care services to prevent foster care placements through parental agreements
- Children placed by court order in a private or locally operated public facility or non-residential program or in a community or facility-based treatment program
- Children committed to DJJ and placed by it in a private home or in a public or private facility

Mandated Population:

- Children placed in approved private special education programs
- Children with disabilities placed in private residential facilities or special education day schools
- Children receiving foster care services and foster care prevention services
- Children placed in foster care through a parental agreement

Each public school child who receives special education and related services must have an Individualized Education Program (IEP). Each IEP is an individualized document designed for one student that guides the delivery of special education supports and services for the student with a disability. The IEP creates an opportunity for teachers, parents, school administrators, related services personnel, and students to work together to improve educational results for children with disabilities. Together, the team and the child's parents decide what services or accommodations are most suitable to assist the child. Federal regulations govern IEPs, requiring the IEP to address and document specific items, mandating that any child receiving special education services have an IEP, and requiring reevaluation of the IEP at least annually. However, educators have flexibility with the exact formatting and processes of IEPs.

With regard to special education, students mandated for CSA funding are those whom the IEP placed for special education purposes in an approved private school or private residential facility. SEC policy gives local governments the authority to extend the "mandated" population to students with IEPs served in the public schools as long as the FAST documents that the services are necessary to prevent a more restrictive educational placement and the services are non-educational services. Non-educational services are services that are not required to provide a free and appropriate public education (FAPE). Section 504 of the Rehabilitation Act of 1973 requires FAPE, which preserves the rights of those with disabilities in programs that receive federal funding. Pursuant to this act, school districts are required to provide educational services to individuals with disabilities that meet the needs of those students at no cost to the student or his/her family. While CSA funds FAPE services for students when the IEP specifies placement in a private education program, for those students placed in public school settings, any service required for FAPE is not eligible for CSA funding. The locality is responsible for funding FAPE services for students who are educated in the public school setting. The other part of the mandated population consists of those children placed in foster care through parental agreement, who are receiving foster care services, or who are receiving foster care prevention services.

Comprehensive Services has an allocation of funds for "non-mandated" services. These services are for children who do not meet the criteria for inclusion in the "mandated" population, but may still require assistance. Examples include after school mentors or family counseling for children in public school. However, not all localities in the Commonwealth use the 'non-mandated' funding allocation since the funding is optional because the localities must provide a local match. The "non-mandated" allocation for those localities choosing to participate is typically only two to three percent of its total annual allocation.

Services Offered

Comprehensive Services funds a diverse range of services to assist troubled youths and their families. These services include:

- Therapeutic foster care and therapeutic foster care prevention
- Specialized foster care and specialized foster care prevention
- Family foster care and family foster care prevention

- Community transition services – direct family services to transition children from residential placement to placement back in the community
- Community-based services
- Psychiatric hospitals/crisis stabilization units
- Alternative day placement/special education private day school
- Services in public school
- Non-mandated services

The different types of foster care listed above are services designed to transition children out of the custody of Social Services and into the most appropriate environment. Foster care prevention services prevent children from going into the custody of Social Services. Examples of foster care and foster care prevention services include crisis intervention/stabilization; individual, group and family therapy; supervised social/recreational services; and substance abuse services. Social Services may also place children in their custody or direct them to receive foster care prevention in psychiatric hospitals or crisis stabilization units, if warranted, to assist the child and the family.

When the needs of a student require placement into a private education program, the IEP identifies this placement, and CSA funds the services under the special education mandate. While localities can use special education mandated CSA funding for some services in the public schools, the criterion for eligibility is narrow. As stated earlier, such services must be non-educational in nature (not required for FAPE) and the FAST must document that the services are necessary to prevent a more restrictive educational placement. The Office of Comprehensive Services allows CSA funding of such services in order to prevent a more restrictive placement. Such services are typically much cheaper to fund in the public school than placing a child in a more restrictive, special education private day school. However, because determination of eligibility for funding is on an individual student basis, the guidance given to CPMBs, FAPTs, and CSA Coordinators is vague and does not specifically list services that the locality may or may not fund in the public school through CSA.

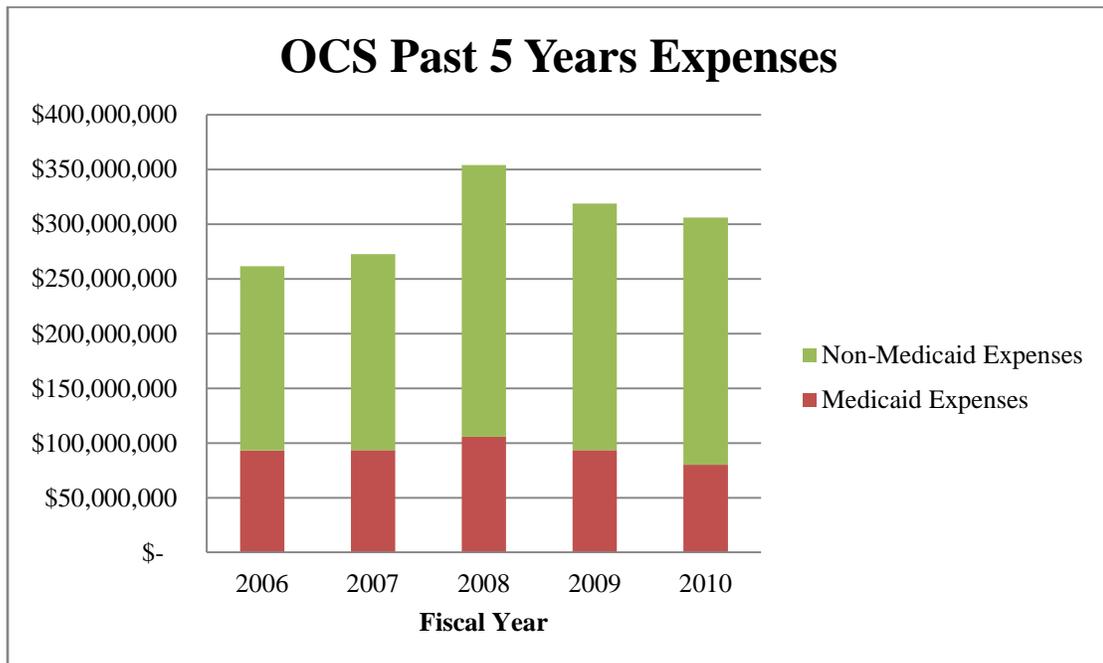
Funding

The creation of the CSA resulted in the combination of previously separate state funding streams into one pool of funds. Previous funding came from Social Services for foster care, Education for private tuition, and Juvenile Justice for treatment programs, as well as other sources. The intent of pooling the funds was to eliminate separate funding sources. Therefore, the General Assembly now funds the program as a whole. In addition, there are federal funds available to support CSA. The majority of the federal funds go to the Department of Medical Assistance Services at the beginning of each fiscal year to pay Medicaid provider claims related to CSA eligible children. CSA combines the remaining federal funds with state funds into the state pool funds.

Localities are responsible for a percentage, or local match, for every CSA funded service. The locality pays the expenses with local funds, then the fiscal agent, elected by the locality's CPMB, submits reimbursement requests to report CSA costs and obtain reimbursement for services from the Office of Comprehensive Services. Specifically, the fiscal agent enters the total cost for each service funded and the online reimbursement request system automatically calculates the state and local portions of the expenses. The locality then receives reimbursement for the state portion.

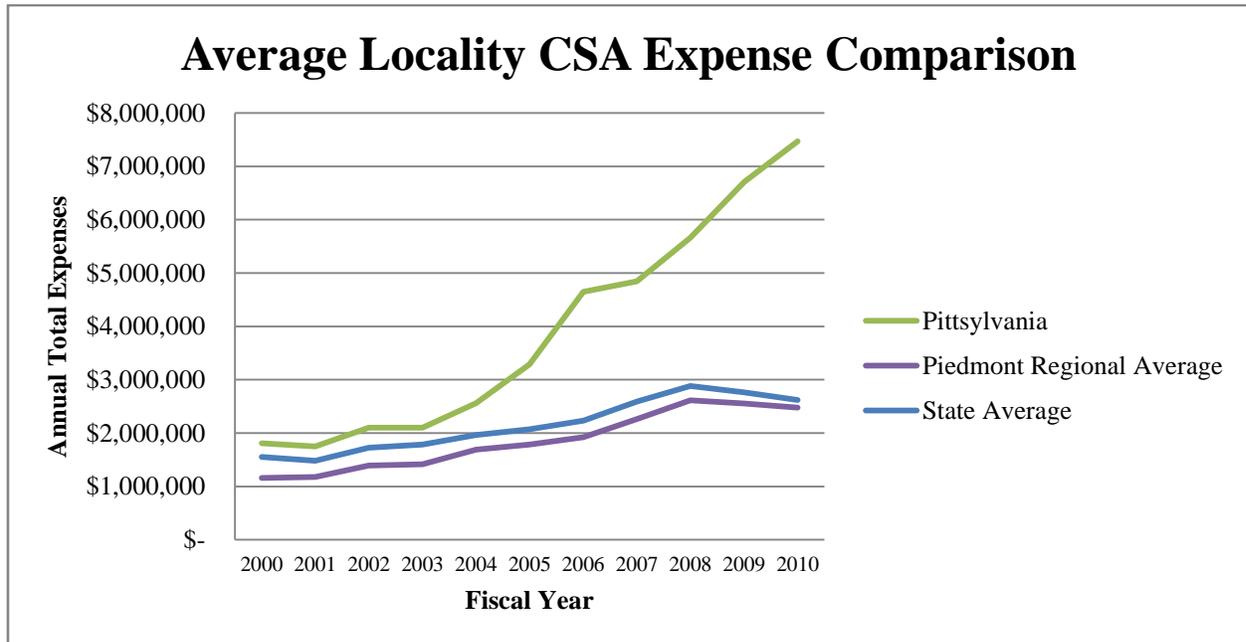
Prior to the start of fiscal year 2008, each locality had a set match rate for every service funded based on the greater of the 1997 CSA pool fund program expenditures or the latest available three-year average of actual expenditures. In fiscal year 2009, localities became responsible for specific match rates based on the services provided. The Appropriation Act reduced the match rate for community-based services by fifty percent in an effort to slow the growth in other program expenses and encourage the use of less restrictive, more community-based services to children. Conversely, the match for residential congregate care services increased the locality's base rate by 15 and 25 percent, in fiscal years 2009 and 2010 respectively, to discourage the use of these services.

In fiscal year 2010, Comprehensive Services' total expenses were approximately \$300 million. Comprehensive Services paid \$226 million to localities for CSA expenses. Medical Assistance Services paid Medicaid providers \$74 million directly for Medicaid eligible CSA expenses. Below is a graph of Comprehensive Services' past five years expenses.



Sources: Commonwealth Accounting and Reporting System
 Medicaid Management Information System

The graph below compares Pittsylvania County’s annual CSA expenses (state and local funds) compared to the statewide locality average and average for localities in the Piedmont Region.



Source: Unit Cost/Per Capita by Locality (FY00-FY10) report via CSA website.

As shown in the previous graph, total annual expenses for the Office of Comprehensive Services have declined since the beginning of fiscal year 2008. As shown in the graph above, CSA expenses for Pittsylvania County have increased exponentially in the past ten years and have continued to increase in fiscal years 2009 and 2010 when the state average declined.

History of Pittsylvania County’s CSA Program

School – CSA Specialist

Changes began occurring in the Pittsylvania County CSA program in 2003. James McDaniel became the Superintendent of Pittsylvania County schools in 2003, and he began making changes to the organization and structure of the Special Education office where the school system’s CSA program responsibilities resided. The CSA Specialist is the key position within the school system for CSA program administration. The CSA Specialist position is directly under the Director of Special Education, who reports to the Assistant Superintendent of Support Services.

For several years prior to 2003, there was a different individual in the CSA Specialist position each year. In 2004, the Superintendent hired a permanent employee for this position who stayed in that position until July 2010. In 2009, the Special Education Director, who had been in that position since 2004, became the Assistant Superintendent for Support Services upon elimination of the Special Education Director position. Therefore, the same individual has supervised the CSA Specialist since 2004.

The CSA Specialist has the following responsibilities:

- Serve as liaison between the Family Assessment Services Team (FAST) and Pittsylvania County Schools
- Attend all required meetings of the FAST Team and be prepared to report to FAST for Pittsylvania County Schools
- Conduct parent, student, teacher, and agency interviews
- Initiate and finalize paperwork related to FAST placements
- Actively participate in the IEP process
- Address regulations and procedural matters and monitor compliance relative to IEPs
- Respond to and coordinate with special education supervisors on CSA referrals
- Complete visitations to private day, residential and public school facilities

When the IEP process determines that a child needs placement in a private day school, IEP responsibility moves from the individual school to the central office CSA Specialist. In addition, any time a child requires services from FAST, the CSA Specialist becomes involved.

CSA Coordinator

Another key position in the administration of CSA funds is the CSA Coordinator. This is a local government position. It is not within the school system. The same individual held this position from 2000 until August 2009, at which time the individual retired. At that time, the County put a hiring freeze over that position due to budget reductions. The County lifted the hiring freeze in November 2009 and filled the position in March 2010. The CSA Coordinator has the following responsibilities:

Community Policy Management Board responsibilities:

- Develop agendas for CPMB meetings and coordinate necessary information for meeting
- Schedule and attend all CPMB meetings
- Notify caseworkers and vendors of CPMB actions
- Oversee funding for services of all clients

- Provide and maintain monthly updates of caseload, expenditures and funding status for CPMB

Family Assessment and Planning Team responsibilities:

- Schedule and Chair all FAST meetings
- Review IFSP/funding requests to be submitted to CPMB
- Provide necessary client information to support IFSP/funding requests to CPMB
- Inform FAST about state and local budgets
- Assure compliance with state requirements over utilization management and CSA procedures.
- Assure submission of reimbursement requests to OCS for CSA funding
- Oversee data processing required to track cases, expenditures, vendors, CSA pool fund expenditures and other data as needed by the locality or the state

CPMB Chair

The final key position is the CPMB Chair, which is actually a responsibility, not a position. The CPMB members are appointed by the County and include (1) at least one elected official or appointed official from the governing body, (2) the local agency head or designee for the community service board, juvenile court services, unit, department of health, department of social services, and the local school division, (3) representative of a private organization or association of providers for children's or family services, and (4) a parent representative. The CPMB elects a member to act as Chair each year. Therefore, the Chair can change from year to year and has moved among different members over time. The current Chair took the responsibility in July 2009 and is the current Director of the Pittsylvania County Social Services Department. The CPMB Chair runs the CPMB meetings in which the Board approves or denies CSA funding requests. As is typical for a Board, a majority vote drives all decisions and the setting of policies. The Chair has little control over the voting results.

Concerns Over Pittsylvania County's CSA Program

Between August 2003 and January 2005, Pittsylvania's County Administrator began sending correspondence to the Superintendent of the Pittsylvania County public schools outlining his concerns about the rapid growth of the CSA program. These concerns surfaced again in fiscal year 2010 when Pittsylvania's local Director of Social Services became the CPMB chair.

Soon after assuming the role, the new Chair began to question the screening process of children, the types of services approved, and the volume of services Pittsylvania County Schools were requesting for CSA reimbursement compared to other localities. After trying to resolve the issues with Pittsylvania County Schools and not receiving the cooperation necessary, the new CPMB Chair and the new CSA Coordinator (hired in March) contacted representatives from the Office of Comprehensive Services and Department of Education for technical assistance to rectify the issues within the local CSA program and the Pittsylvania County School system. These representatives became concerned after reviewing the statistics surrounding Pittsylvania County’s CSA Program and after obtaining more information about the administration of the CSA program in Pittsylvania County. Comprehensive Services and Education requested that the Auditor of Public Accounts review the CSA expenses and controls for Pittsylvania County.

For fiscal year 2011 and any remaining fiscal year 2010 expenses, because of the concerns noted above, OCS required Pittsylvania County to provide additional assurance above the Superintendent’s certification over any CSA reimbursement requests. As the fiscal agent, the Pittsylvania County Administrator decided that he would not certify any CSA reimbursement requests from the County Schools to OCS until completion of this audit because he was not comfortable with the reliability or accuracy of the information he was receiving. As a result, to date Pittsylvania County Schools have paid all fiscal year 2011 CSA expenses with local funds since July and have not received any reimbursement from OCS.

Audit Results

Pittsylvania County’s CSA Program

Inappropriate Use of State Funding

Pittsylvania County inappropriately claimed \$9.3 million in services as eligible for CSA funding from July 1, 2007 through June 30, 2010, which resulted in the Commonwealth overpaying \$7.7 million in state funds and the locality \$1.6 million in local funds. We reviewed a total of \$19.3 million in CSA funded services for 269 children during fiscal years 2008, 2009, and 2010. The list below details the \$7.7 million in state funded ineligible services by service type.

Ineligible Service	Amount
Behavioral aides	\$ 3,484,716
Vocational education services	1,728,635
Child not part of the mandated population	1,365,780
Child already in restrictive placement	616,079
IEP does not support placement	499,540
IFSP does not support service	4,308
Electronic monitoring	876
Total ineligible services	\$ 7,699,933

Behavioral Aides

For the period under review, Pittsylvania County approved CSA state pool funding for behavioral aides totaling over \$3.4 million. A behavioral aide is an individual who works one-on-one with a child to replace inappropriate skills and behaviors with developmentally and therapeutically appropriate skills and behaviors. The behavioral aide stays with the child during the school day, helping them focus and cope with the school environment. For special education purposes, CSA mandated funds are only for private day or residential placements and for non-educational services for special education children served in the public schools that are necessary in order to prevent a more restrictive placement. In the past, there has been confusion across the Commonwealth as to whether CSA funding is appropriate for behavioral aides.

In fiscal year 2010, the Department of Education became aware that multiple Commonwealth localities were funding behavioral aides in public schools with CSA funds. Because of this, in January 2010 the Superintendent of Education released a memo entitled “Protection of Rights to a Free Appropriate Public Education and Use of Funds under the Comprehensive Services Act.” Although the memo did not specifically state that behavioral aides were not an allowable expense, it did state that localities could use CSA funds for students served in the public schools but not for services that would be the responsibility of the school division.

The memo further warned that “the omission of services from the IEP to gain access to CSA funding constitutes a violation of FAPE as well as misuse of CSA funds.” According to Department of Education representatives, localities across the state were funding behavioral aides with CSA dollars and the purpose of the Superintendent’s memo was to clarify that it was inappropriate. However, Pittsylvania County Schools requested behavioral aides within the public schools be reimbursed with CSA monies for the 2010 school year at the beginning of the school year. The CPMB agreed to continue funding the behavioral aides for the rest of the school year after the January 2010 memo, but would not approve funding the aides in the future. Of the \$3.4 million noted above for behavioral aides, Pittsylvania County spent \$695,511 of that between February and May 2010 after receiving notice that these were unallowable expenses.

Vocational Education

Pittsylvania County spent over \$1.7 million in CSA state pool funds on vocational education services. Vocational education is a program that focuses on preparing students for employment in occupations that do not require college degrees or advanced diplomas. Localities may use CSA funds for private day schools or non-educational services for children in the public school. Vocational services do not fall in either of these categories. The vocational services Pittsylvania County Schools used were day programs for children with behavioral problems or mental disabilities. Pittsylvania sent these children to all-day vocational programs in lieu of private day schools that provide general education programs.

When the idea of using vocational services for special education children first came up in fiscal year 2007, the CSA Specialist went to the CSA Coordinator to find out if the vocational education programs qualified for CSA funding. The CSA Coordinator stated that the vocational programs were private day schools; therefore, they qualified for CSA funding. However, this

assessment was inaccurate. One of the facilities Pittsylvania County Schools used was a licensed facility; however, its license came from the Department of Rehabilitative Services rather than the Department of Education. Therefore, it did not qualify as a private day school or for CSA funding. The remaining vocational providers did not have a private day school license or Rehabilitative Services license.

In March 2010, based on training attended by the CSA Coordinator, CSA Specialist, and other involved employees, they realized that the vocational services were not eligible for CSA funding. The CPMB and FAST agreed to fund already approved vocational services for students through the end of the fiscal year (June 2010). However, they told the CSA Specialist and Assistant Superintendent of Support Services that they would not fund vocational services beginning in fiscal year 2011.

When the CSA Specialist brought services to FAST for fiscal year 2011 for students that had previously received vocational services, the CSA Specialist requested funding for private day services for most of these students. Since private day is a mandated CSA funded service, FAST and the CPMB approved funding for these services. Once these services began, the CSA Coordinator became aware that students who were supposed to be attending private day schools were actually going to the private day school, but then the private day school transported the students to the vocational provider for vocational services.

The CSA Specialist had encouraged the private day schools and vocational providers to develop agreements so that the students could still receive vocational services with CSA funding it through the private day school. However, the FAST and CPMB were not aware of these agreements and the private day schools did not have appropriate licenses to carry out this service. It appeared that the CSA Specialist was trying to circumvent the system to still provide the children with the vocational services and have CSA fund it.

Non-Mandated Participants

Our audit also found numerous instances in which Pittsylvania County used mandated CSA funding to pay for services for children who were not part of the mandated population. Children that are not part of the mandated population can receive CSA funding for services, however, the funding must come from the non-mandated funding the County receives. Pittsylvania receives a very small amount of non-mandated funding each year, not to exceed \$47,385. In addition, we noted instances in which children were already in restrictive educational placements (private day or residential) and received other services funded with mandated funds that were not in the IEP. CSA allows the use of mandated funds for special education students when they are in the public schools when those services will prevent a more restrictive educational placement. If the child is already in a restrictive placement, additional services do not meet the criteria for mandated funds unless they are included in the IEP. Pittsylvania County spent over \$1.3 million from mandated CSA funds on children who were not part of the mandated population and over \$616,000 from mandated funds on services for children who were already in a restrictive environment.

IEP and IFSP not Supportive of Services

We noted numerous children who received services for which the IEP or IFSP did not support the services. In many cases, CSA was paying for a private day placement when the IEP indicated that the child's placement was public school or homebound instruction. In other cases, the school division could not provide an IEP for a particular child or period of time upon request, so there was no support for CSA funding for special education services. We noted one instance in which Pittsylvania County used CSA funds for a service not related to special education, for which the IFSP did not provide adequate documentation as to the eligibility of the child. Expenses for this unsupported service total approximately \$504,000 in state funds.

Lack of Internal Controls in Administration of the Local CSA Program

Lack of Understanding, Knowledge, and Cooperation

Over the years, there has been a general lack of understanding and knowledge of the CSA rules and statutes by the Assistant Superintendent of Support Services, Director of Special Education, CSA Specialist, CSA Coordinator, and CPMB Chairs. There appears to have been a lack of initiative to obtain this understanding or know how and where to find relevant and current information about the program until the appointment of the current CPMB Chair and hiring of the current CSA Coordinator. In the past, these individuals have operated in a stagnant environment continuing to do things as they have always done them and not looking for clarification or refinement of rules as the program progressed.

In addition, there has been a lack of cooperation and communication between school board employees, CPMB, and the CSA Coordinator. The Commonwealth created the CSA program to allow for flexibility at the local level in providing services to 'at-risk youth'. However, a fair amount of cooperation and communication between all of the parties involved in the process is imperative. One example of this lack of cooperation was that the school system refused to provide the CPMB with documentation, such as IEPs, necessary to determine eligibility for CSA funding. Therefore, the CPMB relied on the CSA Specialist for verbal verification of eligibility and information on what was included in the IEP. This went on for approximately four years before the new CPMB Chair took over.

Conflict of Interest

Through interviews with school system and County personnel, we noted that the Director of Special Education/Assistant Superintendent of Support Services did not properly supervise the involvement of the schools' CSA Specialist in the IEP development process and in presenting cases to the FAST. The Director of Special Education relied on the CSA Specialist's assumed knowledge and abilities surrounding the CSA program and did not supervise her or become directly involved in the process. The CSA Specialist appears to have had more decision-making authority regarding the IEP placement of students, the services they were to receive, and the vendors who would supply those services than was appropriate. This is of particular concern due to the appearance of a conflict of interest between the CSA Specialist and at least two of the CSA service providers.

When the Superintendent hired the CSA Specialist, he was aware that she had prior relationships with various CSA service providers due to her position as a counselor at the Regional Alternative School. The Superintendent felt that the CSA Specialist's previous associations with CSA service providers made her a good candidate for a position to work on CSA student placements. However, over her years as the CSA Specialist, additional relationships surfaced.

The CSA Specialist assisted in the establishment of a Limited Liability Corporation (LLC) that provided mentoring, counseling, job coaching, and vocational education; was initially on the Board of the LLC; and was at one time named a consultant in one of the LLC's flyers. In addition, one of the CSA Specialist's family members works as a mentor for the LLC. The CSA Specialist also works after hours for one of the private day schools.

These relationships appear to be a conflict of interest based on the following Pittsylvania County School Board Purchasing Policy. Various individuals, such as CPMB members, private day school owners, and other county employees have questioned this potential conflict of interest.

SECTION 12. CONFLICT OF INTEREST

(Va. Code 2.2-4367 through 4377)

Neither the Director of Purchasing, nor any member of his office staff, shall be financially interested or have any personal beneficial interest, either directly or indirectly, in any contract or purchase commitment for any supplies, materials, equipment, or contractual services used by or furnished to the school system. Nor shall such Director of Purchasing, or any member of his staff, accept or receive, directly or indirectly from any person, firm or corporation to which any contract or purchase order may be awarded, by rebate, gifts, or otherwise, any money or anything of value whatsoever or any promise, obligation or contract for future award or compensation.

The CSA Specialist position has a direct association with the private day schools and other service providers as she initiates the placement and creation of the agreement for each child to receive that service. She receives the weekly and monthly status reports on the child's progress with that provider. She performs site visitations. The school system was aware of these issues over the years, but did little to resolve them until June 2010 when the CSA Specialist left that position to return as a counselor at the Regional Alternative School.

Inadequate Controls over IEP Development and Documentation

With respect to IEPs, we found a general lack of controls over IEP preparation and documentation. The school system does not consistently use its online IEP system, resulting in many instances of the hardcopy IEP in the student's file being different from the one online. We noted numerous instances in which there was no original IEP with signatures on file; often the hardcopy IEPs were incomplete (missing pages). We noted hardcopy IEPs with varying dates on different pages, gaps in IEP coverage, and IEPs that appeared to have parent signatures that were manipulated. The school system also lacks policies and procedures over granting access to the online IEP system.

Inadequate Controls over Service Provider Contracts

Pittsylvania County Schools and Social Services Department (County Placing Agencies) did not have contracts for over \$14.5 million and \$165,000 in services, respectively, provided to children between fiscal years 2008 and 2010. The County Placing Agencies only entered into contracts with private day schools. However, they did not properly establish contractual relationships with these providers.

Ideally, the County Placing Agencies should negotiate annually with all of the service providers to develop an overall contract that states the terms and conditions, including fees, to provide specific services to children determined to need those services through the IEP process. As the County identifies children needing services from a particular provider, they should develop a child-specific agreement based on that child's needs and the costs negotiated in the annual contract. The contracts that did exist did not always agree to the amount paid to the vendor, resulting in possible overpayments totaling \$108,421. Finally, there were contracts that did not include the amount of vendor compensation as part of the contract terms.

By not having a contractual relationship, the County Placing Agencies did not assign responsibility for the child to the provider when in their care. In addition, the County Placing Agencies did not obtain certifications from all vendors that they performed background checks on their employees, as required by the Pittsylvania County School Board Purchasing Policy for any service provider that interacts with children:

Certification Regarding Sex Offenses

As a condition of awarding a contract for the provision of services that require the contractor or his employees to have direct contact with students during regular school hours or during school-sponsored activities, the school board will require the contractor to provide certification that all persons who will provide such services have not been convicted of a felony or any offense involving the sexual molestation or physical or sexual abuse or rape of a child;

Not having documented contracts or receiving service provider certifications puts the school board and the children at risk.

State Level Issues

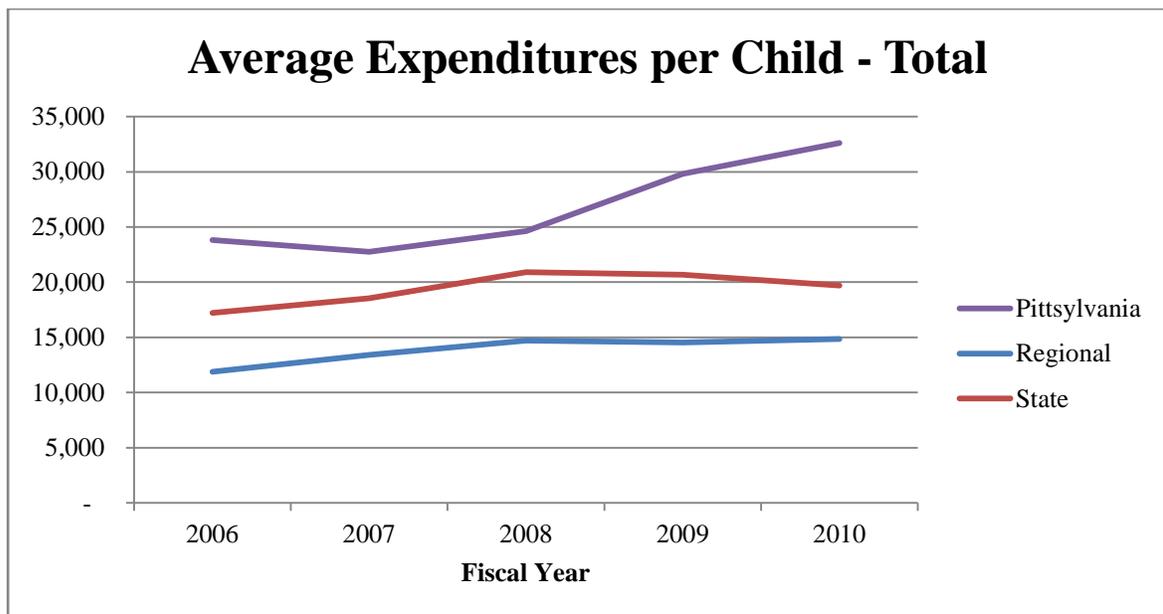
Many of the issues noted throughout this report have been ongoing in Pittsylvania County potentially since 2003 or earlier. The Office of Comprehensive Services did identify the issue in a 2004 analysis and discussed it with the County Schools. However, nothing changed at the County level because of this analysis and discussion, and the OCS did not do anything further with this issue until the CPMB chair brought it to their attention in 2010. OCS has been working with Education to identify issues such as the improper funding of behavioral aides throughout the state. They have addressed these issues in training provided to localities and through channels such as the Superintendent's memo. However, OCS failed to monitor locality specific expenditures and

statistics. If OCS had performed some type of trend analysis or other analytical review, it would have become clear that there was a problem in Pittsylvania County.

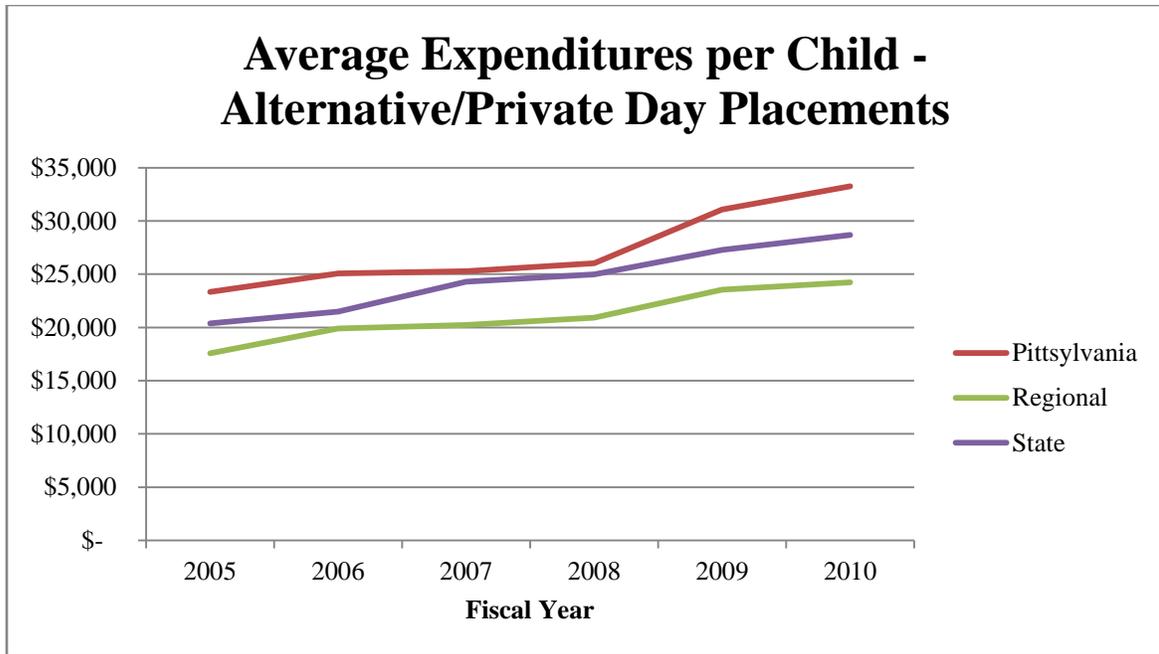
OCS collects and publishes a wealth of data on CSA expenditures and services on their website. They collect data by locality, region, and statewide. By analyzing this data and investigating outliers, OCS could have potentially identified issues similar to this much earlier. Here are some example statistics. In the graphs, you can see that Pittsylvania County exceeds the state and regional average consistently.

Pittsylvania County was

- 10th in the Commonwealth for total CSA funds spent in fiscal year 2010, at \$7,671,333
- 2nd in the Commonwealth for the number of children served in private day placements, at 131 children
- 4th in the Commonwealth for number of children receiving services in the public schools, at 70 children



Source: Pool Expenditure Reports, www.csa.virginia.gov/publicstats



Source: Data Set Reports, www.csa.virginia.gov/publicstats

OCS should develop monitoring procedures to review analytics and statistics regularly to look for sudden or gradual changes in a locality’s standings.

In addition, as can be seen from the multiple eligibility requirements (eligibility vs. mandated vs. targeted), the statutes surrounding CSA funding and eligibility are very complex. OCS, in collaboration with Education, Social Services, and Medical Assistance Services, issues a CSA manual available on its website. The manual quotes the Code of Virginia with Education, Social Services, and Medical Assistance Services providing interpretation of the requirements on how to administer the CSA program in varying forms within the manual.

Local CPA firms audit compliance with the CSA program during the locality’s annual financial audit through audit specifications developed by OCS and distributed by the Auditor of Public Accounts. However, the program is so complex that without specific training on the CSA program, auditors can easily miss inappropriate use of CSA funds similar to that found in Pittsylvania County. We recommend that OCS, in collaboration with Education, Social Services, and Medical Assistance Services, provide background and guidance to the CPA firms with the audit specifications that will assist the CPA firms in understanding the program. In addition, during the annual update of the audit specifications, OCS should develop “hot topics” or “current issues” surrounding the program and service eligibility that the local CPA firms should be aware of during their audit work.

Conclusion

In summary, we found the following:

- Pittsylvania County spent \$7.7 million in CSA funds for ineligible students and services. Pittsylvania County should reimburse the Commonwealth for these inappropriate expenses.
- Pittsylvania County Schools and Pittsylvania County's Social Services Department do not have proper policies, procedures, and controls in place to properly contract with CSA service providers. They spent \$14.5 million and \$165,000, respectively, without written agreements with the service provider.
- Although Pittsylvania County's CSA expenses are inappropriate, the data reported to the Department of Education related to student counts for CSA are appropriate.
- Overall, Pittsylvania County does not have adequate policies, procedures, and controls over the CSA program. The new CPMB chair and the CSA Coordinator are working to correct these issues in conjunction with school board employees.
- The complexity of the CSA program increases the risk of misuse. OCS, in collaboration with Education, Social Services, and Medical Assistance Services, should provide background and guidance to the CPA firms with the audit specifications that will assist the CPA firms in understanding the program. In addition, during the annual update of the audit specifications, OCS should develop "hot topics" or "current issues" surrounding the program and service eligibility that the local CPA firms should be aware of during their audit work.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

November 15, 2010

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited the Pittsylvania County Comprehensive Services Act Program and are pleased to submit our report entitled **Review of the Comprehensive Services Act for At-Risk Youth and Families Program in Pittsylvania County**. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Exit Conference and Report Distribution

We discussed this report with responsible officials from the Office of Comprehensive Services and the Department of Education on October 29, 2010 and Pittsylvania County on November 15, 2010. Responses from the responsible officials from Pittsylvania County and the Office of Comprehensive Services to the findings identified in our audit are included in the section titled "Official Responses and Auditor's Comments." The Department of Education agreed with the report and chose not to provide a written response for inclusion in the report. We did not audit the responsible officials' responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/alh

OFFICIAL RESPONSES AND AUDITOR'S COMMENTS

On pages, 22 and 23 both the Pittsylvania County Fiscal Agent and Schools have expressed their disagreement with the summary and conclusions outlined in our report. Both responses question the validity of the findings and the process for resolving these issues.

We are providing the following information concerning the issues raised. Throughout the review, we have consulted with knowledgeable officials at the Office and Comprehensive Services and the Department of Education to ensure that our understanding of the Comprehensive Services program and eligible costs were accurate. We shared and discussed the findings and ineligible costs with both the Office of Comprehensive Services and the Department of Education, and they agree that these are actual ineligible costs.

Decisions on the amount and timing of repayment of any of these costs are beyond our authority. However, based on our determination that these costs are ineligible, the State Executive Council, as outlined in Code of Virginia Section 2.2-2648-D-19, handles the next step through a formal dispute resolution process. As noted below, the State Executive Council has the power to resolve these matters.

2.2-2648-D-19. Establish and oversee the operation of an informal review and negotiation process with the Director of the Office of Comprehensive Services and a formal dispute resolution procedure before the State Executive Council, which include formal notice and an appeals process, should the Director or Council find, upon a formal written finding, that a CPMT failed to comply with any provision of this Act. "Formal notice" means the Director or Council provides a letter of notification, which communicates the Director's or the Council's finding, explains the effect of the finding, and describes the appeal process, to the chief administrative officer of the local government with a copy to the chair of the CPMT. The dispute resolution procedure shall also include provisions for remediation by the CPMT that shall include a plan of correction recommended by the Council and submitted to the CPMT. If the Council denies reimbursement from the state pool of funds, the Council and the locality shall develop a plan of repayment.

This Office has already provided detailed information to the Office of Comprehensive Services and the Department of Education and will provide any further information or support needed by the State Executive Council during this process.

PITTSYLVANIA COUNTY

VIRGINIA

William D. Sleeper
County Administrator
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Chatham, Virginia 24531
dan.sleeper@pittgov.org



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Bachelors Hall/Whitmell (434) 797-9550

November 19, 2010

Walter J. Kucharski
Auditor of Public Accounts
P. O. Box 1295
Richmond, VA 23218-1295

Dear Mr. Kucharski:

The following is the Fiscal Agent Response to the APA 2010 report on Pittsylvania County CSA:

Pittsylvania County, as Fiscal Agent, takes exception and disagrees with the summary and the conclusions as outlined. Pittsylvania County agrees that the complexity of the Comprehensive Services Act increases the possibility of misuse by the many components and agencies that are involved requiring oversight at many levels to assure proper programs and services are provided to the children served by the Comprehensive Services Act.

It is the County's opinion that the code is inherently flawed in that it requires membership by service agencies that deal daily with special education and mentally challenged children and their support leans toward insuring the children are served above the control of the funding source which is conflicting when serving on a funding board.

The current Chairman of the Danville-Pittsylvania County Comprehensive Policy Management Board (CPMB) and the CSA Coordinator requested intervention by the State to identify any non-compliance of the program, following the State Department of Education's release of the December 2009 Superintendent Memo #118-10. The report identifies that confusion within the school systems throughout the Commonwealth were clearly evident and some corrections were in the process of being made. With Pittsylvania County being the first and maybe the only program across the Commonwealth of Virginia requesting such action from the State, it should be viewed as a step to improve services and correct inefficiencies throughout the State. It appears this audit is making an impact in the State Office of Comprehensive Services (OCS) and the Department of Education (DOE) as the CSA Manual of September 2004 was not revised until January 2010 and has been revised and reissued three times so far this year. Pittsylvania County requests that prior to "Formal Notice", in accordance with Section 2.2-2648-D-19 of the Code of Virginia, that the Danville-Pittsylvania County CPMB, the Pittsylvania County School System, Pittsylvania County Administration and the appropriate State agencies meet in accordance with the Dispute Resolution Process to discuss solutions, resolve any disputes, make necessary improvements to assure future compliance of the County's program and improve the oversight to clear up confusion with this very complex program across the Commonwealth of Virginia.

Sincerely,

William D. Sleeper
County Administrator

WDS/rf



PITTSYLVANIA COUNTY SCHOOLS

P.O. Box 232 • 39 Bank Street S.E. • Chatham, Virginia 24531

Mr. James E. McDaniel
Division Superintendent

November 23, 2010

Mr. Walter J. Kucharski
Auditor of Public Accounts (APA)
P. O. Box 1295
Richmond, VA 23218-1295

Dear Mr. Kucharski:

The draft of the audit completed by the Auditor of Public Accounts (APA) has been received and reviewed. The following is the response of the Pittsylvania County Schools (PCS) to the APA report relative to the Pittsylvania County Comprehensive Services Act (CSA) audit. Pittsylvania County Schools currently serves approximately 9,300 students. Of that number, there are approximately 1,400 (14%) identified students with disabilities. The majority of these students are served in the public schools, and no CSA funding is utilized for them.

PCS has taken the concerns expressed in the audit report seriously. Controls have been put in place even prior to the issuance of the report. These controls include a review of the propriety of the request for CSA funds and controls over IEP development. These controls have resulted in far fewer requests for services from CSA by PCS during the 2010-2011 school year. CSA services requested by PCS for the 2010-2011 school year now approximate the Piedmont Regional Average as described in the audit report. Additionally, many of the errors arose from the actions of the CSA Coordinator. This individual is not an employee of PCS and is an employee of the County. There is a new person in this position.

Pittsylvania County Schools (PCS) takes exception to the report and disagrees with the conclusions drawn and the suggestion that funds should be returned. The school division was acting in good faith and believed it was complying with CSA requirements for accessing funds. The requests that are in dispute were approved by the CPMB in accordance with CSA procedures. Much of the funds in dispute arise from a single area, behavioral aides. I note that there was a change in position Statewide by CSA regarding the funding of these positions and that many school divisions across the State accessed CSA funds for these aides with the approval of CSA. Only recently did the CSA change its position. Any action taken in this matter against Pittsylvania County Schools will have statewide implications for school divisions. We would be happy to share more information regarding this concern or any other concerns that may exist.

The following seven (7) issues are addressed specifically:

- Behavioral aides
- Vocational educational services
- Non-mandated participants
- Lack of proper paperwork
- Conflict of interest
- Lack of adequate control of Individualized Education Program (IEP) process and services contracts
- Lack of cooperation between the school system and the CSA office, the Community Policy and Management Board (CPMB) and Family Assessment Services Team (FAST)

Issue #1 – Behavioral aides

- As noted above, this practice was widely utilized by school boards across the State and not just by PCS. The issue arises because of a recent statewide change in position by CSA.
- No other locality is being investigated regarding a possible repayment of funding.
- The behavioral aides were utilized to prevent a more restrictive private placement which is a permissible use of CSA funds. The services of the aides were not omitted from the IEPs of the students in order to obtain CSA funding.
- State Superintendent's Memo #018, dated January 29, 2010, did not specifically prohibit the use of behavioral aides funded by CSA. VDOE will likely confirm that behavioral aides may still be paid through CSA funds in appropriate cases. The school division was not aware that there were any issues with the funding for behavioral aides until the April 29, 2010, CSA training. Representatives from the Virginia Department of Education present at the meeting indicated that funding for behavioral aides using CSA funding was a local decision.
- The behavioral aides in question were requested of FAST and approved by CPMB. During the time period up to the end of April, 2010, the school system never received any notification that the use of behavioral aides was potentially an unallowable expense. This issue was not communicated through CSA, CPMB, FAST, Office of Comprehensive Services (OCS) or Virginia Department of Education (VDOE). The behavioral aides were requested to prevent a more restrictive placement. Students who are prone to need additional services face many challenges in our school system and an increased likelihood of expensive private placements. Our school division has a number of significant risk factors which increase the possibility of a private placement. These risk factors include a high rate of autism, a high poverty rate, a high rate of teen pregnancy, a high rate of illiteracy, a high unemployment rate, a high rate of obesity and the minimum level of funding from the local governing body.
- CPMB policy indicated that behavioral aides could be requested on a yearly basis. At a meeting of the Danville-Pittsylvania Community Policy and Management Board, held on August 13, 2009, the CPMB chair asked PCS to become a vendor using CSA funds to provide behavioral aides for the school division. Minutes of this meeting are available upon request.

Issue #2 - Vocational Education

- PCS was very open with the CSA boards about its placements of students. The placements utilized by PCS were on the CSA approved vendor list for vocational training as approved by both FAST and CPMB.
- PCS was only recently told by the CPMB chair, in March, 2010, that these services were not an allowable use of CSA funds. Until then, PCS believed it was appropriately utilizing approved services from the CSA list of vendors.
- The issue of the private schools contracting with vocational schools occurred during a very limited period of time (approximately six weeks) only during the summer of 2010. Additionally, it is not unusual that students served at private day schools may have services that are contracted by the private school from other service providers when the services are not readily available at the private schools. These services include, among other items, speech, occupational therapy and physical therapy. The students served during this limited six-week period did receive services at the private day school as well.

Issue #3 - Non-mandated participants

- The CSA Coordinator is hired by Pittsylvania County, and not by the Pittsylvania County School System. PCS relied on that county employee to be knowledgeable of CSA requirements. It appears that she failed to ensure the Individual Family Services Plans (IFSP) were properly coded. The school system had no control over incorrect coding or the employee's incorrect assumption that all

special education students were mandated. PCS did not supply incorrect information. A new CSA Coordinator has been hired.

- Full disclosure by the school system was made to FAST indicating the services requested and the circumstances of the students involved. The services, which were provided outside of the regular school day, were approved by FAST, and funding was approved by CPMB. These types of services outside of the school day are often provided through CSA to prevent a more restrictive placement.

Issue #4 - Lack of proper paperwork

- While the audit report identifies certain discrepancies in the required paperwork, it is not the practice nor the protocol of PCS to be delinquent in providing and maintaining proper documentation in regards to special education related services for students. No child failed to receive the agreed upon services because of a lack of appropriate paperwork. The parental approval was secured prior to the private placement of the student.

Issue #5 - Conflict of interest

- We are not at liberty to discuss personnel issues; however, we did not receive any official complaints issued against the former CSA Specialist. Based upon the findings of this audit, Pittsylvania County Schools reserves the right to investigate the allegations regarding the existence of a possible conflict of interest or other concerns.

Issue #6 - Lack of adequate control of IEP process and services contracts

- PCS has implemented internal controls to make sure that only allowable services are requested and that IEPs are appropriately modified to reflect the students' placements.
- The school system also ensures all documentation is completed in proper format prior to submitting to FAST for approval.
- CSA is in the process of looking into contracting with the service providers directly rather than continuing the practice of the school system being a party to the contract. This change is consistent with the practice utilized by other localities across the State.

Issue #7 - Lack of cooperation between the school system and the CSA office, CPMB and FAST

- PCS takes exception and disagrees with the conclusion that IEP documentation was not provided to the CPMB and the CSA office. PCS never refused to provide any requested documentation. In fact, the accepted protocols utilized by the CPMB directed both school divisions (PCS and Danville City Schools) to not provide copies of IEPs to the CSA office. The agreed upon protocol was to provide the CSA Coordinator with access to these IEPs as needed and requested.
- PCS is continuing to work cooperatively with the CPMB, FAST and CSA Coordinator to address the issues identified in the audit.
- PCS continues to work in a cooperative manner with the CPMB and the new CSA Coordinator to develop and implement adequate policies and procedures regarding the CSA program.
- PCS is continuing to work towards building positive cooperative relationships with the CSA Coordinator and the CPMB and in adhering to all CSA procedures.

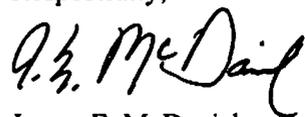
Pittsylvania County Schools' involvement in this matter is limited to requesting services for students who met the CSA eligibility requirements as stipulated. It is not the responsibility of Pittsylvania County Schools to approve services, nor fund targeted or mandated populations that meet the eligibility requirements. PCS relied on the expertise of the CSA Coordinator, FAST and CPMB to approve or deny services and/or vendors.

Mr. Walter Kucharski
November 23, 2010
Page Four

The CSA office, CPMB, OCS and the VDOE have failed to provide adequate background and guidance concerning the appropriate use of CSA funds for services. The policies, protocols and memoranda from these entities have been vague in nature and often contradictory. Prior to the audit, OCS failed to review relevant and related data represented in the report and provide technical assistance to PCS. Additionally, OCS and VDOE have been silent and have not provided leadership or assistance, even after concerns were initially expressed by the CPMB chair. To date, neither agency has provided direction to PCS staff and advice is needed given the complexity of this issue.

Recently, the Community Policy and Management Board (CPMB) rendered a decision that has special education implications for identified students in Pittsylvania County Schools (PCS) as well as significant financial implications for the Pittsylvania County School Board and the Board of Supervisors. However, the current chair of the CPMB and the CSA Coordinator are working towards correcting the issues as identified in the audit. Also, PCS remains available to participate in any relevant professional development or training opportunities provided by VDOE and OCS. This situation highlights the complexity of this issue and the importance of having adequate and consistent information flowing from all entities to facilitate a clear and unequivocal understanding of the decision-making process.

Respectfully,



James E. McDaniel
Division Superintendent

C: Members, Pittsylvania County School Board
Dr. Jeff Early, Assistant Superintendent for Support Services
Mr. William D. Sleeper, County Administrator

Danville-Pittsylvania Community Policy and Management Board

Ms. Shery Flanagan, Chair
Fran Elgin, Vice-Chair
Ms. Gwendolyn Edwards, Secretary

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November 19, 2010

Walter J. Kucharski
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218-1295

Dear Mr. Kucharski:

The following is the Danville Pittsylvania Community Policy and Management Board's (CPMB) response to the APA 2010 report on Pittsylvania County Comprehensive Services Act (CSA). While the complexity of the CSA program increases the risk of misuse, it also increases the difficulty to quickly change policies and procedures. This response identifies the challenges that the CPMB faced in moving forward as well as the length of time for issues to be revealed and resolved.

The current CPMB has committed itself to making positive changes since July of 2009 by implementing more policies and procedures to address the issues that were detailed in the audit. Prior to the audit, the board found itself challenged with school personnel issues, lack of cooperation from Pittsylvania County Schools as well as the former CSA coordinator, and little control to make changes within the current system as the board did not have supervision over the CSA office.

Personnel issues within the school system plagued the entire CSA process. The CPMB entrusted the school system, as well as other placing agencies at the table, to act with professionalism and fulfill the legal, ethical and moral obligations to present cases to Family Assessment Services Team (FAST) and CPMB with accuracy and honesty. If the board possessed the accurate information from the Pittsylvania County Schools, specifically the CSA Specialist, funding would not have been approved. The audit clearly takes issue with the Pittsylvania County School CSA Specialist's relationship with vendors. The school CSA Specialist was in control of choosing placements with no interference from her superiors. Even after CPMB notified the schools of a conflict of interest with several vendors and the CSA Specialist, nothing was done to control the CSA Specialist until June 30, 2010.

The school CSA Specialist was also in control of directing Individual Education Plan (IEP) meetings. As reflected in the audit, auditors found IEPs "...with varying dates on different pages, gaps in IEP coverage, and IEPs that appeared to have parent signatures that were manipulated." Even now, the CPMB finds itself still working with IEPs contrived from IEP meetings conducted by the prior school CSA Specialist who was removed from this position June 30, 2010. The prior school CSA Specialist had been supervised since 2004 by the Assistant Superintendent for Support Services who remains in his position post audit. The board finds itself in a quandary trying to decide if the current funding requests submitted are viable due to the question of the IEP process in general being fair and unbiased. The audit states this school CSA Specialist "appears to have had more decision-making authority

regarding the IEP placement of students, the services they were to receive, and the vendors who would supply those services than was appropriate.” As a board, members had no control over personnel issues with Pittsylvania County Schools. CPMB could only educate the school CSA Specialist’s supervisor who made no immediate changes.

The CPMB also did not feel they had the power to review IEP documentation to support the requested services. This information was not provided to CPMB from Pittsylvania County Schools. For years, documented by the County Administrator starting in 2004, the CPMB was led to believe by the Pittsylvania County School System IEP’s could not be shared with the CPMB or CSA Coordinator. The board did not recognize the power they had to demand documentation from the school system until instructed by the Department of Education in 2010 and even at that point there was little cooperation until the board stated they would refuse funding if the IEP’s were not presented in full.

Also, CPMB requested the schools end their requests for vocational education funding by June 2010. CPMB allowed the Pittsylvania County Schools time to find alternative services for the children receiving vocational education. In spite of this, the school CSA Specialist, with approval from the Assistant Superintendent for Support Services, brought numerous cases for vocational education funding to the May FAST meeting for approval. These requests were to fund vocational education beyond June 2010. All of the vocational education requests were denied at the FAST meeting. At the June FAST meeting, the school CSA Specialist, with continued approval from the Assistant Superintendent for Support Services, presented the majority of those same children for Private Day funding. There were no Individual Family Service Plans (IFSP) supporting a more restrictive environment (Private Day). In addition, IEPs were not provided for supporting documentation. CPMB made every attempt to accommodate Pittsylvania County Schools with no cooperation in return.

As the audit was reviewed by the current CPMB Chair and the current CSA Coordinator, the veracity of the Average Daily Membership (ADM) numbers reported by Pittsylvania County Schools to the Department of Education was shocking. The auditors stated, “Although Pittsylvania County’s CSA expenses are inappropriate, the data reported to the Department of Education related to student counts for CSA are appropriate.” The auditors discovered the students receiving funding for vocational education were not reported by the Pittsylvania County Schools as CSA children. It begs the question, if the school realized students receiving vocational education funding through CSA should still be considered in the ADM count, why would the school request CSA funding in the first place? This fact continues to drive home the reality of the lack of communication, cooperation and trust between CPMB and the Pittsylvania County Schools.

The audit also addresses the issue of mandated services. As a result of the audit the board has found that services were funded for non - mandated children under a mandated code. This was due in large part to being led to believe by the school CSA Specialist the child was mandated simply because the child had an IEP. Without the proper documentation, the board had no other way of disputing the funding. Furthermore, the former CSA Coordinator lacked the communication skills to facilitate working relationships between FAST, the prior school CSA Specialist, and CPMB. As a result, there was an important gap in the local CSA program which resulted in miscommunication and an overall lack of understanding.

The board had little control over the day to day operations of the CSA office and its coordinator. Upon hiring the new CSA Coordinator in March 2010 the board entered into an agreement to supervise the CSA office with the direct supervision coming from the CPMB Chair. This allowed for the cohesive working relationship between the CPMB and the CSA Coordinator. The coordinator has received

clear instruction from both CPMB and the Chair. This has allowed the board to move more quickly and more efficiently on pressing issues.

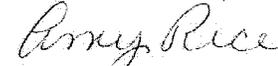
As we move forward to a more positive future, the CPMB requires not only policies and procedures but pure and simple cooperation between all entities to ensure the children of Pittsylvania County receive the best services possible to arm them with the tools to become successful community citizens.

Respectfully,

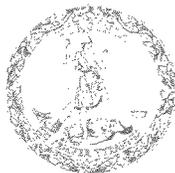


Sherry Flanagan
Pittsylvania County DSS Director
CPMB Chair

Respectfully,



Amy Rice
CSA Coordinator



CHARLOTTE V. McNULTY
EXECUTIVE DIRECTOR

1604 SANTA ROSA ROAD
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RICHMOND, VIRGINIA 23229-5008
804-662-9815
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COMMONWEALTH of VIRGINIA

COMPREHENSIVE SERVICES ACT FOR AT-RISK YOUTH AND FAMILIES

November 22, 2010

Mr. Walter J. Kucharski, Auditor
Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia 23218

Dear Mr. Kucharski:

Thank you for providing the Office of Comprehensive Services (OCS) the opportunity to review your report entitled Review of the Comprehensive Services Act for At-Risk Youth and Families Program in Pittsylvania County. I also want to thank your staff for their work in conducting this review. I know that the Comprehensive Services Act (CSA) is a very complex program. It requires collaboration between a number of agencies crossing multiple secretariats involving very complex laws, regulations and policies. All of this combined to make the work of your staff especially difficult.

I agree with the report, but would like to offer some additional information related to one item, the 2004 Office of Comprehensive Services (OCS) analysis and discussion referenced on page 16 within the section titled *State Level Issues*. I believe the following information is important to understanding the events surrounding Pittsylvania County's CSA activities at that time. The report is correct in stating that the analysis was done. OCS found that the locality had an abnormally high level of education activity. A report was sent to the County's CPMB chair, William Sleeper in December 2004. During late December and January 2005, several telephone conversations between OCS staff, the Pittsylvania County CSA Coordinator and the school's Special Education Director occurred. Those conversations led to the convening of a meeting on February 2, 2005 in Pittsylvania County to discuss the analysis OCS conducted and to determine the actions required to address the significant amount of pool funds being used for educational services. OCS staff and Pittsylvania school staff, including the local Superintendent, attended this meeting. School representatives were adamant that local CSA representatives not attend the meeting so no person in the local CSA system, other than school representatives, was represented. The school representatives stated that they strongly opposed efforts on the part of their county administration to bring greater accountability when funding any services the schools contended were necessary. At the conclusion of the meeting, school representatives agreed to contact the state Department of Education (DOE) to request both staff training and consultative assistance. Follow-up conversations between OCS and Pittsylvania County's Special Education Director

revealed that contrary to the agreement, the schools had taken no action to contact DOE. The Chief Operating Officer, Alan Saunders, and the OCS Technical Assistant, David Nichols, can provide documents related to this chronology of events. Please contact Alan if you wish to review.

Late in calendar year 2004, the Administration decided to change the focus of OCS from one of providing both technical assistance and conducting compliance functions to that of focusing solely on technical assistance. A new OCS Director was hired joining the office in late December 2004. The Office was reorganized. The Compliance Manager position was abolished in April 2005 and the incumbent transferred to the Virginia Department of Social Services. The staff previously conducting compliance activities were reprogrammed to provide only technical assistance. That focus continued until 2009 when I joined OCS. At that time we began to refocus on both compliance and technical assistance.

In closing, I again offer my thanks for both the work of your staff and for sharing the report with me. I am committed to working closely with the State Executive Council as we address the actions recommended in the report not only as they relate to Pittsylvania County but also the functions of the OCS.

Sincerely,



Charlotte V. McNulty
Executive Director

cc: William (Bill) Hazel, Jr., M.D., Secretary of Health and Human Resources
Members of the State Executive Council
Alan G. Saunders, Chief Operating Officer, Office of Comprehensive Services

PITTSYLVANIA COUNTY

William D. Sleeper, County Administrator

James E. McDaniel, Superintendent of Schools

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