

**OFFICE OF COMPREHENSIVE SERVICES
FOR AT-RISK YOUTH AND FAMILIES**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2009**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of the Office of Comprehensive Services for At-Risk Youth and Families for the year ended June 30, 2009, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that we must report.

The Department of Education is the designated fiscal agent for the Office of Comprehensive Services for At-Risk Youth and Families. We issued a separate report on this entity on November 17, 2009.

TABLE OF CONTENTS

	<u>Pages</u>
AUDIT SUMMARY	
OPERATIONAL INFORMATION	1
FINANCIAL INFORMATION	2-3
AUDIT OBJECTIVES	4
AUDIT SCOPE AND METHODOLOGY	4-5
CONCLUSIONS	5
EXIT CONFERENCE AND REPORT DISTRIBUTION	5
OFFICE OFFICIALS	6

OPERATIONAL INFORMATION

The Office of Comprehensive Services for At-Risk Youth and Families (Office) administers the Comprehensive Services Act for At-Risk Youth and Families (Act), which provides services and funding to address the needs of emotionally and behaviorally disturbed youth and their families. The Office works to return at-risk youth back to their homes and schools through a collaborative effort of local government, private providers, and family members that address each child's and family's individual needs.

The State Executive Council (Council) oversees the Office, establishes interagency programmatic policy development and fiscal policies, identifies and establishes goals for comprehensive services, and advises the Governor on proposed policy changes. The Department of Education serves as the fiscal agent and has assigned one employee in its central office to process disbursements. The Office has 11 employees that are employees of the Department of Social Services, and two employees of the Department of Behavioral Health and Developmental Services.

Program delivery under the Act occurs through management of the cases at the local level and includes funding sources other than those disbursed through the Office. This report discusses other funding sources below in the section entitled, "Financial Information." The Office uses three teams to manage the collective efforts of state and local agencies.

State and Local Advisory Team

The State and Local Advisory Team makes recommendations to the Council on interagency programs and fiscal policies and advises the Council on the impacts of proposed policies, regulations, and guidelines. They also offer training and technical assistance to state agencies and localities.

Community Policy and Management Team

The Community Policy and Management Team (Community Team) serves as the community's liaison to the Office. The Community Team coordinates long-range, community-wide planning, which ensures the development of resources and services needed by children and families in the community. Its duty is to establish policies governing referrals and reviews of children and families to the Family Assessment and Planning Team. Each Community Team establishes and appoints one or more Family Assessment and Planning teams based on the needs of the community. The Community Team also authorizes and monitors the disbursement of funds by the Family Assessment and Planning Team.

Family Assessment and Planning Team

The Family Assessment and Planning Team (Family Team) assesses the strengths and needs of troubled youth and families, and develops an individual family service plan to ensure appropriate services. The Family Team recommends expenses to the Community Team.

FINANCIAL INFORMATION

The Office receives funding from the Commonwealth's General Fund and federal grants. In fiscal year 2009, actual expenses decreased by nine percent from the prior year due to a decline in the number of children receiving services, which decreased by three percent to 17,644, and other budget reductions. The following table summarizes 2009 budget and actual activities, with analysis following.

<u>Analysis of Budget and Funding Sources</u>				
<u>Funding Source</u>	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenses</u>	<u>Proposed Budget for 2010</u>
General Fund appropriations	\$307,917,687	\$252,054,476	\$215,764,562	\$322,640,564
Federal grants	<u>53,573,325</u>	<u>9,419,998</u>	<u>8,848,723</u>	<u>53,573,325</u>
Total	<u>\$361,491,012</u>	<u>\$261,474,474</u>	<u>\$224,613,285</u>	<u>\$376,213,889</u>

Source: Commonwealth Accounting and Reporting System

Although the Office started fiscal 2009 with a General Fund budget approximately \$68 million, or 28 percent, more than fiscal 2008's budget and actual expenses, the Office ended fiscal 2009 with actual General Fund expenses of \$92 million or 30 percent less than its starting budget. The Office did not spend its entire original budget for the following reasons.

- \$4 million in cuts to aid to localities that passes through the Office; to this extent, the localities had to pay for these services without receiving reimbursement.
- \$8 million, which the Office made as mandated budget reductions as part of its reduction strategies.
- \$33 million, as in prior years, is the transfer of a portion of the General Fund budget to the Department of Medical Assistance Services (Medical Assistance Services) that actually makes the payments for the Medicaid portion of the Act's costs.
- \$11 million in new transfers for fiscal 2009, having paid for additional foster care services from the General Fund by Medical Assistance Services.
- \$13 million in increased payables, which represent expenses localities paid during fiscal 2009 that the Office will reimburse them for out of its fiscal 2010 budget. Payables at the end of fiscal 2009 totaled \$22 million.
- The remaining \$23 million in unused General Funding that the Office did not need to reimburse localities as much, since economic conditions have lowered the localities' programmatic expenses, which in turn lowered the Office's expenses.

Additionally, the Office transferred about \$43 million of its federal budget to Medical Assistance Services.

To encourage localities to provide more community-based treatment, which is less expensive than institutional treatment, the General Assembly in 2008 lowered the locality's match rate for these services. In

recent years, the state share of providing all services under the Act has been increasing and is expected to increase as localities take advantage of these new match rates by providing more community-based services. However, the Office anticipates the overall costs for these services not to increase as fast in the future as localities develop less expensive treatment options.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

November 17, 2009

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the Office of Comprehensive Services for At-Risk Youth and Families (Office) for the year ended June 30, 2009. 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.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Office's internal controls, test compliance with applicable laws and regulations and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

The Office's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Expenses
Revenues

We performed audit tests to determine whether the Office's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection

of documents, and records, and observation of the Office's operations. We tested transactions, funding calculations, and reconciliations and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Office properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Office records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on November 17, 2009.

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

GDS/alh

OFFICE OF COMPREHENSIVE SERVICES FOR AT-RISK YOUTH AND FAMILIES

STATE EXECUTIVE COUNCIL MEMBERS
As of June 30, 2009

The Honorable Marilyn B. Tavenner
Chair

Randy Blevins
David Canada
Anthony Conyers, Jr.
The Honorable John S. Edwards
Trudy M. Ellis
Patrick Finnerty
Barry Green

The Honorable Philip A. Hamilton
Woody Harris
Mike Mastropaolo
Greg Peters
James S. Reinhard, M.D.
Karen Remley, M.D.
Patricia I. Wright, Ed.D

ADMINISTRATIVE OFFICERS

Charlotte McNulty, Executive Director

Alan G. Saunders, Chief Operating Officer