

**STATE EXECUTIVE COUNCIL FOR THE CHILDREN'S SERVICES ACT  
FINANCE AND AUDIT COMMITTEE MEETING  
Henrico Room, 1604 Santa Rosa Road  
Richmond, VA  
October 5, 2016**

**Attendees**

Mary Biggs, Member, SEC  
Louis Elie, Jr., Director of the Program Integrity Division, DMAS  
The Honorable Jennifer Wexton (*by conference call*)

**OCS Staff**

Scott Reiner, Executive Director, OCS  
Eric Reynolds, Assistant Attorney General  
Stephanie Bacote, Audit Manager, OCS  
Marsha Mucha, Administrative Assistant, OCS  
Chuck Savage, Business Manager, OCS

**Welcome and Introductions**

Scott Reiner convened the meeting at 1:00 p.m. He welcomed everyone and introductions were made. Mr. Reiner provided an agenda overview.

**Approval of Minutes**

The minutes of the April 8, 2016 meeting were approved on a motion by Mary Biggs, seconded by Louis Elie and carried.

**Final FY16 CSA Expenditures**

Mr. Reiner reported final FY16 OCS service expenditures of \$364M a 6% increase over FY15. The increase was primarily due to an increase in the number of private day educational placements.

Mr. Reiner noted that a workgroup formed to address Appropriation Act language to increase options for the integration of children receiving special education in private day settings into their home school districts presented a report with options to the SEC at its September meeting for their review/consideration. That report is now under review by the Office of the Secretary of Health and Human Resources and is due to the General Assembly by November 1.

**Review of Risk Assessment and Audit Planning Methodology for FY17-FY19 and Review of FY17-FY19 Audit Plan**

Stephanie Bacote reviewed the audit methodology, including audit risk assessment and annual audit planning, for the three year audit cycle, FY17-FY19. She also reviewed the FY17-FY19 Audit Plan.

Mrs. Bacote explained how the Risk Assessment Matrix was developed indicating that localities had participated in the development of the matrix through an on-line Risk Assessment Survey. She also presented an Audit Plan Resource Allocation table highlighting recurring training responsibilities, CPE training for audit staff and other audit program activity projects (i.e. quality assurance peer review and audit follow-up/Quality Improvement Plan Database).

**Recommendations to the SEC for a Policy Concerning Objective and Transparent Decision Making Regarding Denial of Funds Based on Audit Findings**

Mr. Reiner provided members with a copy of relevant statutes and policies regarding CSA denial of funds. Members also received examples of non-compliance/violations in the provision of CSA services. Mr. Reiner further explained the established procedures by which administrative action pertaining to locally administered CSA programs are directed and managed by OCS. This may include development of corrective action plans in consultation with localities and/or denial or recovery of state pool funds.

During discussion members discussed how to prioritize non-compliance/violation issues and the types of non-compliance/violations that should be considered for denial of funds. In general, members decided that it would be beneficial to develop guiding principles and specific decision making criteria based on broad areas of non-compliance.

**Closed Meeting**

A motion was made by Scott Reiner, seconded by Mary Biggs and carried that the Finance and Audit Committee of the State Executive Council convene in a closed meeting pursuant to Virginia Code § 2.2-3711(7) for consultation with legal counsel concerning the denial of funds policy and audit procedures.

**Return to Open Meeting**

Mr. Reiner reconvened the meeting in open session. The Finance and Audit Committee of the State Executive Council certified that only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting.

**Next Meeting and Adjournment**

There being no further business the meeting adjourned at 3:20 p.m. on a motion by Mary Biggs, seconded by Louis Elie and carried.