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JOHN W. FOUST
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Board Matter
Chairman Sharon Bulova, Supervisor Foust,
Supervisor McKay, Supervisor Hudgins and Supervisor Herrity
June 5, 2012

Office of Financial and Program Audit- Revised List of Study Areas:
Community Services Board Fiscal Issues

Background: Madam Chairman, as we all know, the Fairfax-Falls Church Community Services Board (CSB) is facing serious fiscal challenges. This Board has taken several actions to deal with those challenges and has directed the Human Services Council to facilitate a public review process to prioritize, review and evaluate the impact of the CSB's proposed Budget Management Plan. As noted in the attached June 1, 2012 memorandum from the County Executive, staff has been working to investigate the key financial issues that are contributing factors to the shortfall within the CSB and to develop a plan to address the short and long-term requirements for ongoing sustainability.

We believe that every member of this Board is committed to a detailed review of CSB finances and operations to ensure the financial stability of the CSB and to ensure that the CSB's many clients continue to receive the essential services that they need and depend on receiving. Several members of this Board have made suggestions and recommendations on specific issues that should be investigated. However, as the County Executive points out in the attached memorandum:

The CSB is a large department that provides a diverse array of services with complex funding and revenue structure comprised of federal, state, and local funding, with Medicaid, private insurance, and consumer fees as revenues. The complexity of the CSB has been further amplified by the recommended enhancements set forth in the Josiah H. Beeman Commission report and the CSB's subsequent transformation designed to implement the Beeman recommendations. As such, a variety of internal and external audit and review strategies must be employed to assist the county and the CSB in identifying opportunities for policy and practice improvements.

The County Executive has directed senior staff in the Department of Management and Budget and the Department of Human Services to work with the CSB to address fiscal and accountability concerns raised by this Board. Within the next three weeks, the County Executive intends to present the Board with a specific plan that will outline a proposed approach for addressing the CSB's fiscal and accountability issues. That plan will concentrate on concerns related to cost effective service delivery models; financial

management oversight; revenue collections, including Medicaid, private insurance, and consumer fees; outsourcing opportunities; and provider rate negotiation processes. As noted in the attached memorandum, the County Executive intends to recommend using the expertise of a variety of sources, including the Auditor to the Board, revenue maximization consultants, and County Staff, to implement that plan.

In the interim, the County Executive proposes that the Board direct the Auditor of the Board to examine the following two specific areas:

- Conduct a cost/benefit analysis of the current CSB contracting and billing strategies
- Analyze existing co-pay and fee-for-service policies and practices to identify potential enhancements.

If pursued, these two study areas will be incorporated into the overall work plan that the County Executive is preparing. Because of the magnitude and complexity of the issues, we believe it is important that a comprehensive plan be prepared and that staff and this Board refrain from pursuing the CSB review in a piecemeal manner. We believe the County Executive has laid out an effective approach to dealing with the CSB fiscal issues and that the Auditor to the Board should conduct the studies recommended by the County Executive.

Motion: Madam Chairman, we (including the Chair of the Audit Committee and the Chair of the Human Services Committee) move that this Board amend the current List of Study Areas for the Office of Financial and Program Audit to include the two specific areas of CSB review recommended by the County Executive. We further move that the Auditor to the Board bring back to the Audit Committee any recommendations he has or may develop for further studies of the CSB by the Office of Financial and Program Audit. If the Audit Committee agrees with those recommendations, they will be presented to the full Board for consideration and approval.