

**VALLEY COMMUNITY SERVICES BOARD**  
**February 27, 2019**  
**5:30 p.m. – 85 Sanger’s Lane, Staunton, VA**

**Members Present**

Phil Floyd, Chair  
 Sarah Rexrode, Vice Chair  
 Dan Sullivan, Treasurer  
 Amber Lipscomb  
 Lisa Dunn  
 John Hartless  
 Misty Cook  
 Mary Miller  
 Linda Czyzyk  
 Deborah Pyles  
 Cynthia Burnett  
 Miranda Ball  
 Mike Hamp  
 Nichole Nicholson  
 Aaron LeVeck

**Members Absent**  
 Susan Richardson

**Staff Present**

Dave Deering  
 Tammy DuBose  
 Dr. Steven Kessler  
 Lauren Gearhart  
 Tina Martina  
 Kathy Kristiansen  
 Pat Lancey  
 Michele Mathis, Contract Staff

**Visitors**

<b>CALL TO ORDER</b>	Chair, Phil Floyd, called the meeting to order at 5:30 pm.
<b>ESTABLISH QUORUM</b>	Mr. Floyd established a quorum.
<b>PUBLIC COMMENT</b>	No public comment.
<b>FY18 FINANCIAL AUDIT PRESENTATION</b>	<p>Dan Sullivan introduced Betsy Hedrick and Andrea Nichols from PB Mares. Ms. Hedrick and Ms. Nichols presented the results of the FY18 Independent Audit. Ms. Hedrick pointed out that the total net position for FY18 was \$3,961,382. Ms. Hedrick and Ms. Nichols reviewed the Management Letter that was addressed to the Board of Directors and discussed the following results of the audit. Ms. Hedrick shared that VCSB did receive a clean audit.</p> <ol style="list-style-type: none"> <li>1. Material weakness due to lack of timely reconciliations and material audit adjustments; noting that bank reconciliations had not been reconciled since December 2017.           <ul style="list-style-type: none"> <li>✚ Cause: During FY18 the finance staff lacked the required technical skills to analyze and reconcile transactions both timely and accurately. Additionally, there was significant turnover in multiple key accounting and management positions.</li> <li>✚ Recommendation: Ensure finance staff have adequate technical skills or training to perform their accounting functions accurately and timely. Increase level of oversight to ensure timely reconciliations.</li> </ul> </li> <li>2. Material weakness due to lack of segregation of duties.           <ul style="list-style-type: none"> <li>✚ Cause: Additional rights were granted to employees in an effort to compensate for vacancies during staff turnover.</li> <li>✚ Recommendation: Employee user access to the accounts payable module should be reviewed with access restricted to only those modules necessary to perform assigned functions. Better segregation of duties will enhance controls to detect any errors, fraud, or irregularities and provide for much greater safeguarding of assets.</li> </ul> </li> <li>3. Material weakness related to preparation of schedule of expenditures of Federal Awards.           <ul style="list-style-type: none"> <li>✚ Cause: Lack of supervisory review of the schedule that was provided which resulted in improper classification of state and federal expenditures.</li> <li>✚ Recommendation: Implement procedures to reconcile and review the schedule to ensure all amounts are properly recorded and presented on the schedule.</li> </ul> </li> </ol> <p>Misty Cook pointed out that she feels that PBMares went above and beyond their duty as an auditing firm. Misty Cook asked what staff finally reconciled the statements. Mr. Deering shared that a consulting firm was hired as well as two accounting staff from a temp agency.</p>

	<p>Mr. Deering added that the CFO and Accounting Manager also helped with the reconciling. Discussion followed. Mr. Hamp asked if Ms. Hedrick and Ms. Nichols would be available to meet with the Executive and Finance Committees if needed. Ms. Cook highly recommended that corrective action plans be followed to correct the three-material weaknesses. Mr. Sullivan shared that all of the findings could not be contributed to turnover by staff. Ms. Cook agreed. Mr. Sullivan invited members to attend the Executive and Finance Committee meeting if they would like to discuss the actions that have been taken so far within the finance department. Deborah Pyles inquired about the cost of the audit and how much extra was charged due to the extended time needed. Mr. Deering shared that the initial cost was \$6,000; however, the final cost was \$21,000 due to the extension. Mr. Deering shared that prior to this year the audits were always completed on time and presented at the October Board meeting. Discussion followed regarding the timeframe of the turnovers in the CFO position and the responsibilities of other financial staff during this time. Mr. Deering stated that the Accounting Manager was acting as the Interim CFO during some of the timeframe. Mr. Floyd reminded the Board that Mr. Deering had asked the Interim CFO if he needed assistance from a consulting firm until the CFO position could be filled, and Mr. Deering was told that help was not needed. Additional discussion followed regarding bank reconciliations and monthly closings. It was discussed that the reconciliations and monthly closings should be fully completed within 10 business days following the month end. Mr. Sullivan asked that further discussion be saved for combined Finance/Executive Committee meeting in March.</p>
<p><b>REPORTS</b></p> <p><b>Please review</b></p>	<p><b><u>Executive Director's Report:</u></b></p> <ul style="list-style-type: none"> <li>• Mr. Deering shared that restructuring is underway in the finance department. Mr. Deering introduced Pat Lancey as the new Accounting Manager. Ms. Lancey comes to VCSB from Wilson Workforce and Rehabilitation Center (WWRC). Mr. Deering added that recruitment is underway for a new CFO.</li> <li>• The Board reviewed a clip from the Channel 29 interview with Dr. Steven Kessler, VCSB's Medical Director, regarding opioid addiction. The News Leader also interviewed Dr. Kessler and published an article on the opioid epidemic; spotlighted the services made available at VCSB through the recent grants.</li> <li>• Mr. Deering shared that VCSB is a member of the Augusta Health's Accountable Care Organization and their recent publication included information about our OBOT program as well as other VCSB services.</li> <li>• Mr. Deering shared that the Permanent Supportive Housing (PSH) Program now has 13 clients placed and 10 more in the process.</li> </ul> <p><b><u>Finance Committee:</u></b> The committee did not meet.</p> <ul style="list-style-type: none"> <li>• <b><u>Financials-</u></b> Mr. Sullivan shared that January financials show a surplus of \$115,364 for the month and a YTD deficit of \$247,066. Mr. Sullivan reminded members that the deficit does include write-offs that were actually from last fiscal year but reflected in this fiscal year. Mr. Sullivan added that we are providing more services and seeing more clients than this time last year. Mr. Floyd invited comments. Michele Mathis added that January was a good month financially and that statements were balanced to \$0 as of January 31<sup>st</sup>. Mr. Sullivan reminded members that the revised budget needs to be reviewed. Mike Hamp asked for clarification regarding the unreconciled bank statements that were noted in the audit. Mr. Hamp asked if the statements were just not finished or if they were not even touched. Mr. Deering commented that they were not touched. Mr. Deering added that there are 148 accounts to reconcile but a lot of them have been inactive and can be eliminated.</li> </ul> <p><b><u>Human Resource Committee:</u></b> The committee did not meet.</p> <p><b><u>Quality &amp; Compliance Committee:</u></b> The committee met on February 14<sup>th</sup>. Mr. Floyd suggested that members read the detailed minutes.</p> <ul style="list-style-type: none"> <li>• Mr. Floyd announced that the client survey was presented at the meeting. Mr. Deering</li> </ul>

<p><b>committee minutes for detailed information</b></p>	<p>commented on slides from the PowerPoint. Kathy Kristiansen, Director of Behavioral Health, added that the survey was very good with satisfaction rates from 93-95%, which is an improvement from the last client survey which was also good at 92% satisfaction. Ms. Kristiansen added that the survey was available in American Sign Language (ASL). The survey was delayed due to the time needed for this conversion. Ms. Kristiansen shared hope that the next survey can also be available in Spanish. Mary Miller commented that she was impressed by the high-level of effort taken to make sure the client's input was confidential.</p> <p><b>Communication and Advocacy Committee:</b> Met last month following the Board meeting and met prior to tonight's meeting.</p> <ul style="list-style-type: none"> <li>• Ms. Rexrode shared that most of the focus has been on efforts to develop a presentation to advocate for the 10% match with the localities. Mr. Deering reviewed the local match allocations for each locality and explained the methodology used over the years.</li> <li>• <b>Executive Committee:</b> Did not meet this month.</li> </ul>
<p><b>CONSENT AGENDA ITEMS</b></p>	<ul style="list-style-type: none"> <li>• <i>Request approval of January 23, 2019 Board Meeting Minutes.</i></li> <li>• <i>Request approval of February 14, 2019 Quality and Compliance Meeting Minutes.</i></li> <li>• <i>Request approval of January Financial Reports.</i></li> </ul> <p>Mr. Floyd asked for a motion to approve the above consent agenda items. <b>Lisa Dunn motioned to approve. Cynthia Burnett seconded. Motion carried.</b></p>
<p><b>MEETING ADJOURNED</b></p>	<p><b>Aaron LeVeck motioned to adjourn. Mr. Hartless seconded. Motion carried.</b></p>

**The Next Scheduled Meeting of the Board of Directors is March 27, 2019 at 5:30 pm**

**Respectfully Submitted,  
Tammy DuBose**