

Northwest Community Services Agency

October 2004

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John G. Morgan
Comptroller

October 28, 2004

The Honorable John S. Wilder
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
The Honorable Thelma M. Harper, Chair
Senate Committee on Government Operations
The Honorable Mike Kernell, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Northwest Community Services Agency. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the agency should be continued, restructured, or terminated.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/dw
04-057

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit

Northwest Community Services Agency

October 2004

AUDIT OBJECTIVES

The objectives of the audit were to determine the responsibilities of Northwest Community Services Agency (Northwest CSA) as required by contracts with the Department of Children's Services (DCS), the Department of Correction (DOC), and various TennCare managed care organizations (MCOs); to determine whether personnel are qualified to perform the work they were hired to do; to analyze board absenteeism, quorums, compliance with the open meeting law, and the status of conflict-of-interest forms; to determine the funding relationship between TennCare, MCOs and behavioral health organizations (BHOs), Northwest CSA, and transportation vendors; to determine whether Northwest CSA is competing with or duplicating similar services provided by human resource agencies, community action agencies, or economic development councils; to determine the measures used to ensure quality and consistency of services across the state; to determine the extent of external oversight and contract performance monitoring by DCS, DOC, and MCOs and BHOs; and to obtain an overview of KID\$TRAX and determine the extent of data reliability testing conducted by either Northwest CSA or DCS.

FINDINGS

The Agency Does Not Monitor Vendors for Contract Compliance and Service Quality

The agency does not monitor the quality of services provided by vendors from whom it purchases services. Neither does it monitor vendors with whom it has contracts for service quality or contract compliance. Without such monitoring information, agency management has no basis for determining the consistency of services provided to each client, the quality of the services, and whether the services are improving the well-being of children and families (page 12).

The Agency Is Not Monitoring for Title VI Compliance

As a Department of Children's Services contractor, Northwest CSA completes a Title VI self-survey that provides information about the agency's internal compliance with Title VI. However, the agency does not monitor its contractors for compliance with Title VI. All programs receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis race, color, or national origin (page 14).

The Agency Does Not Monitor Vendors to Ensure Background Checks Have Been Conducted and Did Not Have the Background Check Results for Five of Its Case Managers

The agency does not monitor its vendors to ensure that required criminal background checks have been conducted on their employees. Also, the agency did not have background check results for five of its own case managers. By not verifying criminal histories, the agency could inadvertently place children at risk of being harmed by persons convicted of child abuse offenses (page 15).

The Quasi-External and Internal Review Processes of Agency Operations and Service Delivery Need Improvement

Instead of focusing on service quality, the quasi-external Quality Improvement reviews mirror the content of the internal monthly case file reviews conducted by agency supervisors. The agency also does not send the Quality Improvement review results to the Department of Children's Services, and the process does not require corrective action plans. These problems make it difficult for the agency and the department to determine whether children's situations are improving because of the services provided (page 17).

The Agency Lacks Detailed Written Procedures for Department of Children's Services Programs

The agency does not have detailed written procedures explaining the steps employees should take to fulfill DCS requirements for checking for community-based services before purchasing services, conducting monthly case file reviews, and entering KID\$TRAX information. Written procedures ensure that all current and future employees understand agency requirements and promote consistency in delivery of services (page 20).

The Board of Directors Is Not Fully Complying With the Notice Requirements of the Open Meeting Law

Current public notice to the approximately 250,000 people (101,000 households) of the region consists of advertisement in the Union

City Daily Messenger, which has a circulation of only 8,300. Placing meeting notices in other newspapers or media outlets would maximize the number of citizens exposed to meeting notifications (page 22).

Board Policies Need to Be Revised

In the past, the board has had lengthy vacancies. Board policies make no provision for board member participation via conference call or for removal of a board member because of absence. All members are appointed by the Governor except for the Commissioner of the Department of Children's Services, and only the Governor can remove a board member (page 23).

Board Members and Staff Are Not Filing Annual Conflict-of-Interest Statements

Board members' conflict-of-interest statements are between two and four years old. Employees' conflict-of-interest statements are signed only on the date of employment. Annual written disclosures of financial interests, prior employment, employment of immediate family members, and other matters that may influence decisions or could give the appearance of influencing decisions help ensure the board and staff are acting on the state's behalf and that board members are rescuing themselves from decision-making as needed (page 24).

Many Promotions and Job Changes Are Not Documented in Employee Personnel Files

Nearly one-third of personnel files did not have documentation of promotions or changes in employees' job positions. Without such documentation, start dates for pay and benefits changes cannot be confirmed to make sure employees are receiving accurate compensation (page 25).

Case Manager Job Specifications Are Outdated and Too General

Case manager job specifications used by the agency for hiring purposes date from 1993 Department of Children's Services job specifications for program specialists and only very generally reference duties (page 26).

No Data Reliability Testing Has Been Conducted on KID\$TRAX

The KID\$TRAX database used by the community services agencies to create invoices to bill the Department of Children’s Services for reimbursement has had no formal data reliability testing conducted on it. Without formal data reliability testing, the agencies cannot be certain that there are adequate internal controls within the program software and over the use of the software and that the data in the system are valid and reliable (page 27).

The TennCare Transportation Program Does Not List Its Revenue Contracts in Its Plan of Operation and, in One Instance, Is Providing Services to a Managed Care Organization Without a Formal Contract

With only a Letter of Intent dated 2001, OmniCare pays Northwest CSA to provide transportation coordination services for its

TennCare Transportation program. A written contract protects both parties by enumerating, in writing, the complete agreement between parties (page 28).

TennCare Transportation Program Vendor Files Do Not Contain Necessary Documentation

Some vendor files did not contain documentation of certifications, licenses, and on-site reviews. Without complete documentation, the agency cannot properly oversee the operations of the TennCare Transportation program and safeguard the program’s clients (page 29).

OBSERVATIONS AND COMMENTS

The audit also discusses the following issues: (1) the lack of monitoring by the Department of Children’s Services and OmniCare MCO, (2) the Department of Children’s Services commissioner’s serving on the agency’s board, (3) conflicts between annual report and financial statement requirements, and (4) the TennCare Transportation Program at Northwest CSA is not the only such program available to TennCare MCOs and BHOs and their clients in the Northwest region (page 7).

ISSUES FOR LEGISLATIVE CONSIDERATION

The General Assembly may wish to consider (1) amending state law to provide for the removal of board members with excessive or consecutive absences and (2) amending Section 37-5-305(b), *Tennessee Code Annotated*, based upon the advice of the Attorney General, to remove the Commissioner of the Department of Children’s Services or the commissioner’s representative from serving as a voting member on rural CSA boards. Section 37-5-305(j), *Tennessee Code Annotated*, would limit the commissioner’s participation in the majority of CSA business (page 30).

Performance Audit Northwest Community Services Agency

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Performance Audit Northwest Community Services Agency

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Northwest Community Services Agency was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-226, the Northwest Community Services Agency is scheduled to terminate June 30, 2005. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. The audit is intended to aid the committee in determining whether the Northwest Community Services Agency should be continued, restructured, or terminated.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to determine the responsibilities of the entity as required by contracts with the Department of Children's Services (DCS), the Department of Correction (DOC), and various TennCare managed care organizations/behavioral health organizations (MCOs and BHOs);
2. to determine whether personnel are qualified to perform the work they were hired to do;
3. to analyze board absenteeism, quorums, compliance with the open meeting law, and the status of conflict-of-interest forms;
4. to determine the funding relationship between TennCare, MCOs and BHOs, Northwest CSA, and transportation vendors;
5. to determine whether the agency is competing with or duplicating similar services provided by human resource agencies, community action agencies, or economic development councils;
6. to determine the measures used to ensure quality and consistency of services across the region;
7. to determine the extent of external oversight and contract performance monitoring by DCS, DOC, MCOs, and BHOs; and

8. to obtain an overview of KID\$TRAX and determine the extent of data reliability testing conducted by either the agency or DCS.

SCOPE AND METHODOLOGY OF THE AUDIT

The activities of Northwest Community Services Agency (Northwest CSA) were reviewed for the period January 2001 through March 2004. The audit was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included

1. review of applicable legislation and policies and procedures;
2. attendance at board and executive director meetings;
3. examination of the entity's records, reports, and information summaries; and
4. interviews with department staff and staff of other state agencies that interact with the agency.

HISTORY AND STATUTORY RESPONSIBILITIES

The Community Services Agency Act of 1996 replaced the 12 community health agencies that were assisting the Tennessee Department of Health with delivery of health care to the state's indigent citizens with community services agencies (CSAs). The purpose of these agencies was to coordinate funds and programs designated for care of children and other citizens in the state. The mission of CSAs also broadened to include a range of services that were needed by families and children, designed with the overall purpose of keeping children and youth from entering state custody. In keeping with this change of emphasis, the CSAs now report to the Department of Children's Services (DCS) instead of the Department of Health.

An additional change resulted from a study conducted in 1999 by the Child Welfare League of America (CWLA) under contract with DCS. CWLA conducted an assessment of the foster care system in Tennessee and recommended that the roles and responsibilities of DCS and the CSAs be separated. It became apparent that the strength of DCS was working with children in state custody and the strength of the CSAs was to provide diversion, intervention, and prevention services for children at risk of entering state custody. The CSA structure, as a political subdivision of the state, enabled the agencies to serve children and families in crisis and secure in-home and community services quickly, thereby delaying or preventing a child's placement in state custody. In 2001, DCS transferred non-custodial (i.e., diversion, intervention, and prevention) services to CSAs throughout the state.

Northwest CSA, a private non-profit organization that is also a political subdivision and instrumentality of the state, serves nine counties: Benton, Carroll, Crockett, Dyer, Gibson, Henry, Lake, Obion, and Weakley. Its office is in Union City, Tennessee. Northwest CSA is

governed by a ten-member board of directors, nine of whom are appointed by the Governor. The tenth member is the Commissioner of the Department of Children's Services. The agency's programs are carried out by 74 staff under the supervision of the executive director, who is appointed by the Commissioner of DCS, subject to the approval of the board. (As of March 2004, the agency had nine vacancies: seven in Correctional Health Care, one in TennCare Transportation, and one in Child and Family Services.) Employees and board members are considered state employees, though not covered by civil service provisions, and are eligible for certain state benefits such as state liability coverage, legal representation, and participation in state retirement and health plans.

ORGANIZATION

The agency's major programs are Child and Family Services, TennCare Transportation, and Northwest Correctional Complex Health Care. A new initiative was added in 2004, the West Tennessee Teen Institute. (See organization chart on the following page.)

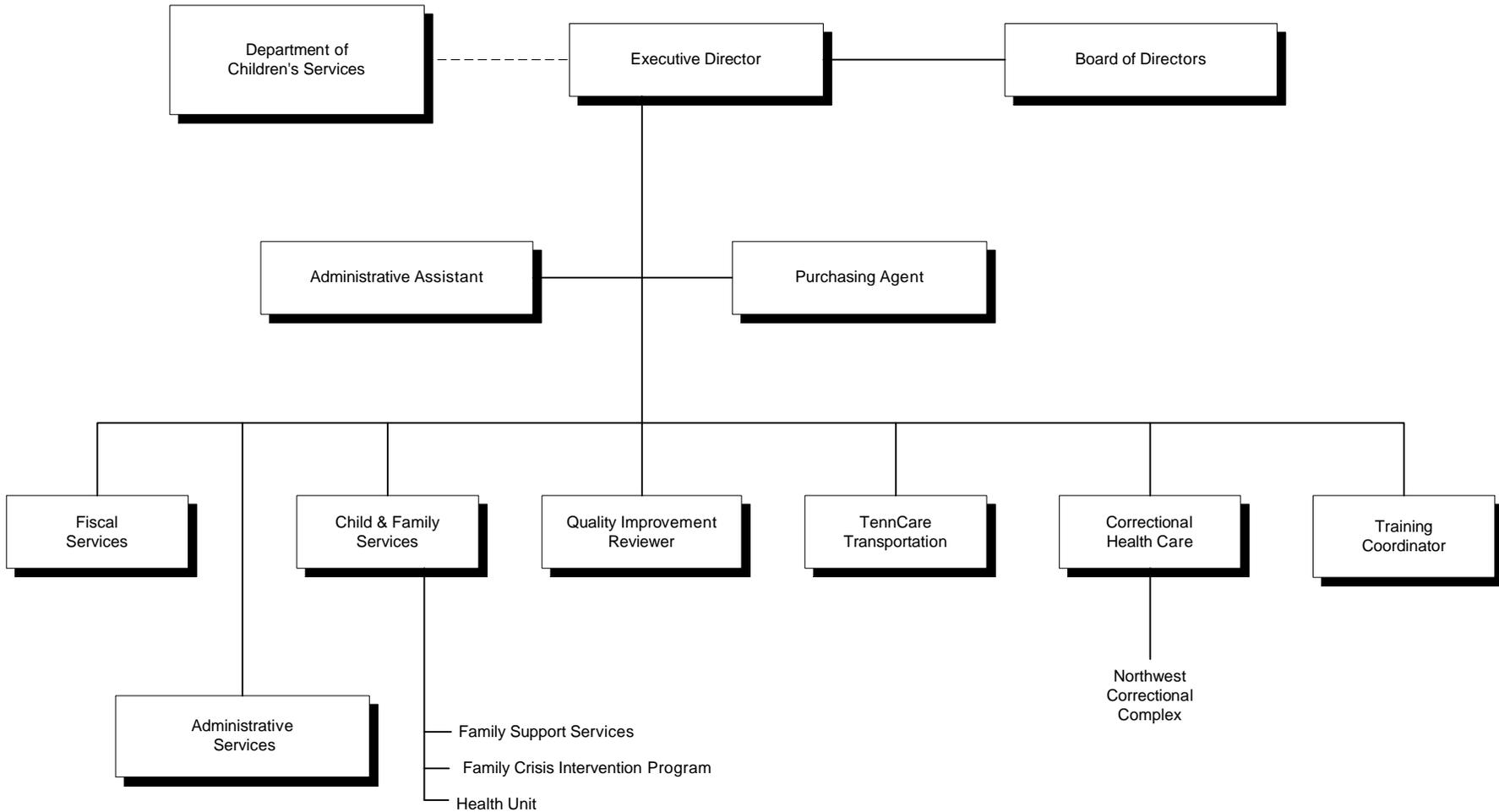
Child and Family Services

This program, funded by DCS, delivers services to children who have been in state custody and who could return home with post-custody services or who are presently deemed to be at imminent risk of entering state custody. The goals of the program are to keep children and communities safe while providing supportive services that allow these children to maintain significant relationships with family, school, and community. Children who receive these services are referred by DCS or the local court system.

Services provided include but are not limited to

- Time-limited Family Reunification services to achieve reunification quickly for children in custody less than 15 months;
- reunification services to all children with a goal of reunification;
- Emergency Residential services for youth who just entered care and those experiencing a placement disruption;
- adoption services that will help prepare or enhance the possibilities for children to be adopted;
- Needs Assessment services for custodial children that will generally promote permanency, stability, and the well-being of those children;
- Independent Living services that will empower custodial youth and those exiting care to live independently; and

**Northwest Community Services Agency
Organization Chart
March 2004**



- Family Support Services to non-custodial children and their families that will allow these children to live safely with their own families.

TennCare Transportation Program

Through contracts with managed care organizations and behavioral health organizations (MCOs and BHOs), the agency provides administrative services for a program designed to provide non-emergency transportation services for TennCare recipients to and from health-related services. Northwest CSA organizes a network of providers, performs eligibility determinations, arranges transportation services, and approves payments to transportation vendors. (The MCO or BHO makes the actual payment to the vendor.) In return for these services, the TennCare MCOs and BHOs, as the contractor, pay Northwest CSA a monthly administrative fee for each of their TennCare enrollees in the region.

Northwest Correctional Complex Health Care Program

The Department of Correction contracts with Northwest CSA to provide management of the Northwest Correctional Complex clinical facilities. The agency is responsible for providing health services as follows:

- original screening of inmates;
- appraisal examination of inmates;
- reviews of daily health complaints of inmates;
- providing sick call for inmates requesting medical attention;
- maintaining all health care records;
- infirmary services;
- coordination of specialty, ancillary, hospitalization, optical, and ambulance services;
- procurement of all non-pharmaceutical medical and operating supplies;
- all necessary dental services;
- all necessary pharmaceutical services; and
- certain health services to the Department of Correction's staff and visitors.

West Tennessee Teen Institute Program (WTTI)

New for the agency in 2004, the West Tennessee Teen Institute Program (WTTI), funded by the Department of Health, is a primary prevention activity to decrease the instances of adolescent substance abuse, inappropriate sexual activity, sexually transmitted disease, violence, vehicular misconduct, and other negative behaviors.

The WTTI is a five-day in-residence experience, or camp, for participant teams of teenagers ages 14 to 18 years from a variety of communities within the West Grand Division of the State of Tennessee. Participants apply the skills learned at the event in their home communities throughout the following year. The program is conducted according to guidelines provided by the Department of Health's Bureau of Alcohol and Drug Abuse Services.

REVENUES AND EXPENDITURES

**Statement of Revenues and Expenses
Revenues by Source
For the Fiscal Year Ending June 30, 2003**

Source	Amount	% of Total
Department of Children's Services	\$1,741,834.99*	48.08%
TennCare MCO/BHOs	120,235.23	3.32%
Department of Correction	1,719,918.05	47.48%
Fund Balance	<u>40,594.67</u>	<u>1.12%</u>
Total Revenue	<u>\$3,622,582.94</u>	100.00%

*Includes \$324,422 (19%) in federal funds

Source: Unaudited figures from the Northwest CSA fiscal director

**Statement of Revenues and Expenses
Expenditures by Account
For the Fiscal Year Ending June 30, 2003**

Account	Amount	% of Total
Administration	\$ 344,729.17	9.48%
Child & Family Case Management	1,115,059.83	30.66%
Community Services Program	29,829.67	0.82%
Child and Family Services - Emergency Residential	10,012.50	0.28%
Child & Family Services Custody - TLR Reunification, and Adoption	94,467.56	2.60%

Independent Living	13,233.96	0.36%
Child & Family Services Non-custody - Family Support Services	281,718.96	7.75%
Correction	1,620,367.86	44.55%
TennCare Transportation	<u>127,660.40</u>	<u>3.51%</u>
Total Expenses	<u>\$3,637,079.91</u>	100.00%

Source: Unaudited figures from the Northwest CSA fiscal director

**Sources of Funding
Expected For the Fiscal Year Ending June 30, 2004**

Source	Amount	% of Total
Department of Children's Services	\$2,086,645*	46.24%
TennCare MCO/BHOs	132,340	2.93%
Department of Correction	2,071,541	45.91%
Department of Health	45,000*	1.00%
Current Services Revenue	13,000	0.29%
Fund Balance	<u>163,870</u>	<u>3.63%</u>
Total Revenue	<u>\$ 4,512,396</u>	100.00%

* \$36,450 of Department of Health funds and \$355,732 of Department of Children's Services funds are federal funds.

Source: Northwest CSA Fiscal Year 2003-2004 Plan of Operation

OBSERVATIONS AND COMMENTS

The topics discussed below did not warrant findings but are included in this report because of their effect on the operations of Northwest Community Services Agency and on the citizens of Tennessee.

LACK OF MONITORING BY DEPARTMENT OF CHILDREN'S SERVICES AND OMNICA CARE MCO

Northwest CSA provides services by contract to DCS; DOC; two TennCare MCOs (BlueCross BlueShield and OmniCare); and Advocare, the parent company of the two TennCare BHOs (TBH and Premier). All but DCS and OmniCare monitor through reviews and/or audits of the services the agency provides them.

The Department of Correction (DOC) contracts with Northwest CSA to provide comprehensive health services, including mid-level providers, nursing, dental assistants, X-ray technicians, and clerical support and administrative staff for the clinic at Northwest Correctional Complex in Tiptonville. The prison's fiscal director conducts contract compliance monitoring every six months. DOC conducts monitoring of clinical operations every other month and annually. The Commission on Accreditation for Corrections also conducts annual prison inspections that include review of medical care.

BlueCross BlueShield, OmniCare, and Advocare contract with Northwest CSA to oversee their TennCare Transportation programs. BlueCross, which has had a contract with the agency since 1993-94, has conducted performance evaluations of Northwest CSA's TennCare Transportation program every year since 2001; Advocare has reviewed the program only once, in December 2003, since contracting with the agency in 2001. OmniCare, with whom Northwest CSA only has a letter of intent (dated 2001) and not a formal contract (see finding 12), has never reviewed the program.

DCS contracts with Northwest CSA and the 11 other CSAs to provide Family Support Services and a Family Crisis Intervention Program, which helps families solve problems that place children at risk of harm and thus state custody. However, the department does not monitor agency performance, and DCS's director of Protection and Prevention admits to being "woefully lacking in the ability to really know what is going on" with the CSA program.

As was stated in the November 2003 performance audit of the Department of Children's Services, the department does not monitor Family Support Services provided by CSAs. However, this lack of oversight extends to the Family Crisis Intervention Program as well. The department does not evaluate the services the CSAs provide through these programs. The department also does not run reports on the CSAs out of the two databases used—TnKids and KID\$TRAX. DCS should be monitoring through reports on CSA client recidivism, Title VI compliance, case closure rates, how long cases are open, comparing and contrasting performance of CSAs, searching for client names and social security numbers appearing in more than one CSA as a deterrent to fraud and abuse, specific service volume, etc. Northwest CSA does not forward the quarterly quality improvement reviews (conducted by personnel whom the CSAs hired with funding from DCS) to the department, nor has the department asked for the reviews. The reviews focus on quantitative and not qualitative issues. (See finding 4.) DCS does not obtain and monitor the corrective action plans for Program Accountability Reviews (PAR) by the Department of Finance & Administration. The review released September 12, 2003, required Northwest CSA to submit a corrective action plan to DCS's CSA support coordinator within 30 days. When asked by the auditor for a copy of the corrective action plan, the DCS CSA support coordinator said she did not handle corrective action plans for CSAs, instead stating that the DCS program coordinator in Protection and Prevention handled CSA corrective action plans. However, the Director of Protection and Prevention stated that the CSA support coordinator handles the corrective action plans. Not until March 18, 2004, six months after the review was issued, did the department request a copy of the corrective action plan from Northwest CSA. Compliance with even the simplest contractual or policy requirements, such as the submission of an annual report within a certain time frame and required case manager training, is not monitored by the department.

DCS should develop a formal system for measuring the quality of service provided by CSAs. The department should develop and implement written policies and procedures for monitoring both contract compliance and service quality to ensure that Northwest CSA, in particular, and CSAs, in general, are fulfilling their statutory and contractual obligation of promoting the well-being of children and other citizens of the state. Monitoring these services should provide the department and agencies with a basis for improving service delivery and the consistency of those services throughout the region and state.

Also, DCS should monitor Northwest CSA through reports on CSA client recidivism, Title VI compliance, case closure rates, how long cases are open, comparing and contrasting performance of CSAs, searching for client names and social security numbers appearing in more than one CSA as a deterrent to fraud and abuse, specific service volume, etc.

According to DCS, as it addresses areas that need improvement, it is evaluating its resources and capabilities concerning this issue. The department is working toward developing and implementing effective and efficient monitoring tools. In addition, it is striving to centralize and organize all monitoring activities and make this information available to key staff.

DEPARTMENT OF CHILDREN'S SERVICES COMMISSIONER ON THE BOARD

By law, the agency's board consists of ten voting members, nine persons representing the nine counties served by Northwest CSA and the Commissioner of the Department of Children's Services (DCS) or the commissioner's designee.

The duties of the commissioner as either a CSA board member or the chief executive of DCS are frequently interrelated. As a board member, the commissioner can vote on all CSA business including the adoption of policies and procedures governing the CSA's internal operations; the making and executing of contracts; and the receiving, administering, allocating, and disbursing of funds made available under any federal or state assistance program. As the chief executive, the commissioner appoints the CSA's executive director with the approval of the CSA's board of directors. The commissioner also approves any CSA policies, procedures, or rules and regulations proposed by the board of directors, as well as all contracts for the purchase of services or the acquisition or improvement of real property. Furthermore, the commissioner is responsible for the review and approval of the CSA's plan of operation submitted in accordance with Section 37-5-310, *Tennessee Code Annotated*. It has been the practice of DCS for the regional administrator in each region to serve as the commissioner's designee in all rural CSAs across the state.

Because DCS is the primary funding source of the agency, many of the issues and decisions brought to the CSA board of directors relate to DCS. It appears that the commissioner's or designee's participation in these discussions or voting on matters relating to DCS violates Section 37-5-305(j), *Tennessee Code Annotated*, which states

If any matter before the board involves a project, transaction or relationship in which a member or the member's associated institution, business or board has a

direct or a conflicting interest, the member shall make known to the board that interest and shall be prohibited from participating in discussions and voting on that matter.

This inherent conflict of interest was recognized on October 1, 2003, when DCS Assistant Commissioner Randal Lea sent an e-mail to all CSAs stating that the DCS regional administrators' voting privileges on CSA boards and the rare instances where a regional administrator has convened a CSA board without the presence of the executive director could be construed as conflicts of interest. In the same e-mail, DCS announced the department's decision that regional administrators serve *ex officio*—without voting rights, convening power, or power to hold board office—and serve only as a consultant to the board and to inform DCS about CSA board activities. However, DCS Commissioner Viola Miller reversed this position in a May 6, 2004, e-mail. The e-mail stated that the regional administrators can serve on the CSA boards as voting members based on Section 37-5-305, *Tennessee Code Annotated*, and *Rules of the Department of Children's Services*, Chapter 0250-07-.06.

DCS should require its regional administrators to recuse themselves from CSA board votes. The commissioner of DCS and the CSAs should seek the advice of the Attorney General regarding the commissioner's role on the board of directors. The General Assembly may wish to consider amending Section 37-5-305(b), *Tennessee Code Annotated*, based upon the advice of the Attorney General, to remove the commissioner of DCS or the commissioner's representative from serving as a voting member on rural CSA boards as this appears inconsistent with Section 37-5-305(j), *Tennessee Code Annotated*, which would limit the commissioner's participation in the majority of CSA business.

CONFLICTS BETWEEN ANNUAL REPORT AND FINANCIAL STATEMENT REQUIREMENTS

By contract with the Department of Children's Services (DCS), Northwest CSA is supposed to submit to the Commissioner of DCS an annual report with audited financial statements within nine months after the close of the fiscal year. However, a DCS rule dating from 2002 requires CSAs to submit an annual report on the preceding fiscal year's activities and financial transactions within 60 days of receipt of a final audit report by the Comptroller of the Treasury.

Also, the "audited" financial statements included in the agency's fiscal year 2002 annual report do not completely match the financial statements presented in the Comptroller's audit of fiscal year 2002 and do not include the notes, which are an integral part of the financial statement.

Since DCS is not monitoring CSA compliance with annual report and audited financial statement requirements, the purpose of these requirements by DCS is unclear. Timely submission of annual reports and audited financial statements is essential to good oversight, fiscal stewardship, and strategic planning.

The Department of Children’s Services should determine what information it needs in an annual report and revise Rule 0250-7-6-.05(8) and its contract with Northwest CSA to eliminate conflicting language, perhaps requiring submission of an annual report with programmatic information within nine months of the close of the fiscal year and the Comptroller’s financial audit with financial statements when released. DCS should also develop and initiate a monitoring tool that its liaison with the CSAs will use to determine whether CSAs submit annual reports in a timely fashion.

According to the department, it plans to review the CSA contract and its requirements in relation to Rule 0250-7-6-.05(8) and clarify requirements. It will strive to more clearly define what information is required and a due date.

THE TENNCARE TRANSPORTATION PROGRAM AT NORTHWEST COMMUNITY SERVICES AGENCY IS NOT THE ONLY SUCH PROGRAM AVAILABLE TO TENNCARE MCOS AND BHOS AND THEIR CLIENTS IN THE NORTHWEST REGION

We reviewed the activities of Northwest CSA to determine whether it was competing with or duplicating similar services provided by human resource agencies and community action agencies. Managed Care Organizations and Behavioral Health Organizations (MCOs and BHOs) participating in TennCare are, by contract, required to provide the benefit of transportation services to their enrollees when medically necessary or as necessary for enrollees lacking accessible transportation for covered services. However, since the MCOs and BHOs may contract with any entity, public or private, to manage this benefit, Northwest CSA competes with other agencies for this business. Not every TennCare MCO serving the Northwest region contracts with Northwest CSA.

Northwest CSA currently has contracts with two MCOs—OmniCare and TennCare Select—and Advocare, which represents both BHOs (TBH and Premier), to manage a transportation program for their TennCare enrollees. Northwest CSA acts as a liaison between the MCOs and BHOs and the actual transportation providers. Northwest CSA oversees the transportation providers that have contracted directly with the MCOs and BHOs; arranges transportation appointments for OmniCare, TennCare Select, and Advocare enrollees; and bills the MCOs for the transportation providers. For this service, OmniCare and TennCare Select pay Northwest CSA \$0.158 per month per enrollee in their TennCare program in the Northwest region. Advocare pays Northwest CSA \$0.125 per month for their TennCare enrollees in this region.

The other two MCOs that serve Northwest Tennessee—TLC and Better Health Plans—have contracted with Northwest Human Resource Agency, another statutorily created entity, as a transportation provider. Northwest HRA maintains its own fleet of vehicles and is paid directly by Tennessee Carriers for transporting TennCare clients. TLC and Better Health contract with Tennessee Carriers, Inc., and Medical Transport, Inc. (a subsidiary of Tennessee Carriers), respectively, to manage their TennCare transportation program.

FINDINGS AND RECOMMENDATIONS

1. The agency does not monitor vendors for contract compliance and service quality

Finding

Northwest CSA does not monitor vendors regarding service provision and for contract fulfillment as relates to service provisions, standard contract clauses, and quality.

Section 37-5-304, *Tennessee Code Annotated*, states that a CSA is serving a public purpose through improving and otherwise promoting the well-being of children and other citizens of the state. Currently, DCS contracts with Northwest CSA to provide assessment, planning, and case management for children at risk of entering state custody. The agency also provides services to custodial children at the request of DCS case managers. Section D.5 of this contract, entitled “Subcontracting,” states that the agency is the prime contractor and is responsible for all work performed by approved subcontractors.

The agency maintains subcontracts with vendors to provide services such as intensive family preservation, respite care, counseling, alcohol and drug services, transitional living, and homemaker services. However, not all purchased services require written contracts. DCS Rule 0250-7-6-.05(3)(a) states that when the individual purchase is less than \$5,000 and where the anticipated aggregate annual purchase of like services from the same vendor is less than \$25,000, a written contract is not required. Written contracts include specifications stipulating that if the contractor violates any of the terms, the CSA has the right “to immediately terminate the contract and withhold payments in excess of fair compensation for completed services.” In addition, the agency’s Internal Operations Policy and Procedure 3.16 states that the agency will terminate any contractual relationship in certain instances, such as inadequate standards of performance or care.

Based on interviews with agency management, we determined that current contractual and non-contractual service monitoring consists primarily of evaluating vendor billing. When vendors provide services, they complete forms stating what time they arrived, how long the service lasted, and when the service ended. The clients receiving the services sign these forms verifying they received services for the documented time frames. These reports are used to match vendor billings to agency records such as purchase orders.

Agency case managers maintain contact with clients throughout the service period and can verify that they are receiving services. However, this process does not monitor vendors for actual contract compliance and service quality. When asked how they monitor the service quality, agency management stated that their policies, procedures, and contracts stipulate what they expect for each service provided. In addition, agency management indicated that to ensure service quality, they schedule monthly meetings at the agency as well as maintaining weekly telephone contact with vendors. Clients may also file complaints against a vendor or the agency by contacting agency personnel or by completing and submitting a complaint form to the agency.

However, the agency's overall monitoring process appears more focused on billing compliance rather than contract compliance and overall service quality.

Based on discussions with management and reviews of policies, procedures, and contracts, we determined that the agency is not fully monitoring for contract compliance and that there are no specific measures in place to determine the quality of services provided. (See findings 2 and 3 for Title VI and background check monitoring.) Without such monitoring information, agency management has no basis for determining the consistency of services provided to each client and is unable to evaluate service consistency throughout the region. This problem is also a concern of DCS management. DCS management responsible for overseeing the CSAs expressed concern over the department's lack of information related to the CSAs in general and whether the environments of the children and families served are improving.

It is imperative that the agency monitor contract compliance and quality of service to ensure contract provisions are met. However, while compliance monitoring is important, it only supplies part of the information the agency needs for effective program evaluation. Compliance monitoring involves determining how many times a case manager spent time with a client whereas quality monitoring determines whether that interaction was comprehensive and thorough. Quality monitoring should also help determine whether clients receive services that meet their needs and whether case manager decisions were in the client's best interest. Therefore, simply meeting every contract stipulation, such as the number of visitations, time spent with the client, and submitting correct billing information does not automatically indicate that a client is receiving quality services. By monitoring the quality of vendor services, the agency should have a basis for demonstrating that it is fulfilling its statutory duties as well as promoting consistency of service throughout its region.

Recommendation

The agency should develop a system with written policies and procedures for monitoring both contract compliance and vendor service quality. Contracts should require the reporting of performance data or attainment of certain performance goals. At a minimum, the agency should monitor vendors who receive the bulk of service monies or provide a majority of the services to evaluate whether Northwest CSA is fulfilling the statutory obligation of promoting the well-being of children and other citizens of the state. Monitoring these services should provide the agency with a basis for improving service delivery and the consistency of those services throughout the region.

The agency should also monitor vendors who do not have a formal written contract but who provide services to clients. For example, Northwest CSA could monitor the quality of free community-based services to ensure that clients are receiving the intended services and to determine whether these services are effective.

DCS may wish to consider requiring all CSAs to report such information to ensure the department's mission and contract provisions are being fulfilled.

Management's Comment

Northwest CSA

We concur. Management is in the process of developing an effective tool for contract monitoring. Agency will utilize staff from fiscal as well as program to complete review of contractor compliance. Additionally, the group of CSAs statewide is currently in the process of working with vendors to develop measurable outcomes related to performance. This committee is including groups such as the Tennessee Association for Child Care in the development of these outcome measures. Northwest CSA management intends to have this process complete by January 1, 2005. We anticipate completing vendor monitoring by the end of the current contract year.

Department of Children's Services

We concur. The Department of Children's Services is assessing information from Quality Assurance and the Program Accountability Review (PAR) staff to determine what aspects, if any, the department is monitoring. The department is also working toward centralizing all monitoring activities and subsequent reports. This will allow DCS staff one source for all results and corrective actions reported. Using this information the department will begin to develop and implement better practices of monitoring contract compliance and service quality.

2. The agency is not monitoring for Title VI compliance

Finding

All programs or activities receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis of race, color, or national origin.

According to its contract with the Department of Children's Services (DCS), Northwest CSA was the recipient of \$324,422 in federal funds during fiscal year 2003. In addition to the federal funds through DCS, the agency has contracts with some TennCare MCOs and BHOs to administer a transportation program for their TennCare enrollees. In past years, these contracts have resulted in agency revenues of between \$116,000 and \$228,000. TennCare's contract with its MCOs and BHOs requires and funds such transportation programs.

The Administrative Services director (Personnel director) is the Title VI officer for the agency and monitors and analyzes statistics for Title VI in relation to employees and program clients and trains staff about the requirements of Title VI. Agency clients are given information about Title VI by their case managers. According to the Administrative Services director, the agency does not monitor its contractors for compliance with Title VI.

The agency completes a DCS Title VI self-survey administered to every DCS contractor. The survey asks questions regarding Title VI training; program services; and the racial demographics of boards, beneficiaries, employees, etc. A review of the survey submitted by Northwest CSA in June 2003 found that the CSA did not explain its procedures for making beneficiaries (clients) aware of the right to file a complaint. The survey, while asking for the ethnicity of vendors, does not ask how subcontractors are monitored for compliance with Title VI. The agency reported no Title VI complaints had been received.

The agency does not have formal, written policies specifically for monitoring themselves and their contractors for Title VI compliance. The agency also does not have a specific formal, written complaint process that includes information about filling out the complaint form, who reviews and makes a decision, to whom that decision can be appealed, or the right to file directly with the federal government. The Title VI notice posted in the common area simply instructs those wishing to file a complaint to contact the Administrative Services director.

Recommendation

The agency should develop formal, written Title VI policies and procedures for monitoring itself and the vendors with whom it does business, for the submission and handling of complaints, and for ensuring clients are informed of their rights under Title VI and know with whom they can file a complaint both within and outside the agency.

Management's Comment

We concur. Although our current Personnel Policies have language surrounding Title VI, we agree more detailed policies and procedures are needed. The Community Services Agencies Personnel Standards Committee is currently working to develop a more specific policy that will meet the requirements outlined in the audit recommendations. As soon as this policy is developed and approved by the Department of Children's Services, it will be presented to the Northwest CSA Board of Directors for approval. When approved, all staff, vendors and clients will be trained on the issues related to this new policy. Additionally, as part of the contract monitoring function listed in Finding #1, we will monitor all vendors for Title VI compliance.

3. The agency does not monitor vendors to ensure background checks have been conducted and did not have the background check results for five of its case managers

Finding

The agency does not monitor its vendors to ensure that background checks have been conducted to prevent criminals, in general, and child sex offenders and abusers, in particular, from having contact with the children being served. Also, the agency did not have results for five of its own case managers.

The probability of a criminal, child sex offender, or child abuse offender being employed in a position with access to children is a public concern. The July 2001 settlement of the Brian A. class action lawsuit, filed in May 2000, states in section V(F)(4) that all persons applying for positions with DCS or a contract agency that involve contact with children are required to submit to a criminal records check and a child abuse registry screening process before beginning training or employment. Sections 37-5-511 and 71-3-507, *Tennessee Code Annotated*, require criminal background checks on DCS employees, people working with children, and bus drivers. Both DCS and agency job specifications mirror these requirements. In a file review of agency personnel, we found that 5 of 18 case managers (28%) did not have a criminal background check documented in their personnel file. For two of the five employees, the agency had documentation of attempting the check but did not have the results of the check.

Northwest CSA's standard contract with its vendors states that the contractor shall ensure and adequately document that all of the contractor's and subcontractor's employees who are engaged in any activities covered under the terms of the contract meet all required minimum qualifications for the performance of their duties as specified by the agency or by federal, state, or local law, rules, or regulations. One of the minimum staff qualifications is the acceptable results of a nationwide criminal background investigation based on fingerprint records and a review of applicable registries, such as the Sex Offender Registry and Child Abuse Registry. Additionally, the agency's Internal Operations Policy and Procedure 3.16, Contract Approval Processes, states that all contracts for the delivery of services to children must require that the individuals delivering such services be subject to a background investigation. The agency also purchases some services for children and families without a contract. However, the agency does not monitor its vendors to see that the vendors check the backgrounds of their staff who have contact with children. By not verifying criminal histories, the agency could inadvertently place children at risk of being harmed by persons employed by the agencies statutorily created to protect children.

Recommendation

The agency should implement policies and procedures to monitor that all employees and vendors having contact with children have passed a criminal background check to reduce the likelihood of exposing children to child abuse offenders or sex abuse offenders.

Any individuals who are not presently verified should not be permitted to have contact with children until the verification is completed. The policies and procedures should also require that any individuals who subsequently become ineligible to have contact with children are identified and removed from positions having contact with children as soon as possible.

Management's Comment

We concur. While it has been the practice of the agency to conduct background checks on all of its employees, some results have not been returned to us. In the last year or so we have been dependent on local law enforcement agencies to complete our background checks. These

checks are not as accurate as the ones completed by the Department of Children's Services (DCS). Agency management is currently working with DCS to make sure checks are done and results returned to Northwest CSA in a timely fashion. We have requested all necessary forms from Steve Holmes, Director of Internal Affairs, and Kathy Ferrell (DCS). As soon as those forms are received, agency will complete and once again be able to utilize the system used by DCS. Additionally, agency will begin checking both the sex offender registry and the child abuse registry on all new hires.

As part of the vendor contract monitoring listed in other findings, we will begin checking their files for background check on their staff.

4. The quasi-external and internal review processes of agency operations and service delivery need improvement

Finding

The quasi-external Quality Improvement (QI) reviews mirror the content of the Monthly Case File Reviews conducted by agency Child and Family Services supervisors instead of focusing on service quality. Also, the agency does not send the QI results to DCS, and the QI process does not require corrective action plans.

Quality Improvement Reviews

The Department of Children's Services (DCS) provides funding for three QI reviewers, one for each grand division. The reviewers are CSA employees. In West Tennessee, the QI reviewer is an employee of Northwest CSA. The reviewer conducts Quality Improvement (QI) reviews of each CSA's Family Crisis Intervention Program and Family Support Services program.

Each quarter, the QI reviewer at Northwest CSA obtains a random sample of records for testing from the KID\$TRAX expert at Upper Cumberland CSA via the statistician at Mid-Cumberland CSA. After receiving the sample from the statistician, the QI reviewer sends the agency the list of cases to be reviewed five days before the scheduled review.

Following the review, the QI reviewer discusses the results with Family Crisis Intervention Program and Family Support Services supervisors in preparation for an official exit interview, which is held with the agency executive director. The Mid-Cumberland CSA statistician and the Northwest CSA executive director receive a copy of the review.

The Mid-Cumberland CSA statistician is compiling data from each CSA to produce baseline data and will produce a report for each CSA, according to the Northwest CSA executive director. The intent is for these reports to act only as a mechanism to improve internal operations rather than to allow comparisons among CSAs throughout the state. DCS developed the QI program and provides the funding for three QI reviewers, one for each grand division, but the reviewers are CSA employees. DCS management stated they had never received a quality

improvement report from any of the reviewers; they also indicated they had never asked for that information though they expressed an interest in the issues identified by these quality reviews.

Based on discussions with the agency and DCS staff, DCS and all of the CSAs jointly decided what aspects to include in the QI review platform. The QI reviewer stated that the originally proposed platform was more stringent (for example, it required corrective action plans) but that upper management of the 12 CSAs did not care for it and modified it to its current form. The QI reviewer stated that measures such as telephone surveys of clients and corrective action plans are voluntary in the current QI review structure. Corrective action plans should be a required part of any quality improvement program.

Child and Family Services (CFS) Monthly File Reviews

DCS Administrative Policy and Procedure 31.1 regarding program operations' quarterly case file reviews stipulates the development of review forms, file selection criteria, and reviewer responsibilities. Based on a review of the *Family Support Services Policy and Procedure Manual*, the agency must follow the same procedures from this policy for conducting monthly case file reviews.

The agency CFS director stated that files are randomly selected, per the stipulations in the aforementioned policy. The CFS supervisors review the files and tabulate the compliance score, which translates into a performance rating for that case manager. CFS supervisors discuss review results with each case manager whose cases were reviewed. In addition, copies of the reviews are provided to the CFS director and the agency's executive director.

A review of all Northwest CSA monthly case file reviews conducted since April 2001 found that many reviews were tabulated incorrectly, therefore changing the compliance percentage. These discrepancies resulted in compliance percentages ranging anywhere from 6% lower than agency calculations to 8% higher. Based on our analysis, it appears a foot and cross-foot mechanism would aid in verifying compliance figures. In addition, since forms are already in a spreadsheet format, entering the information into an electronic spreadsheet would practically eliminate addition errors as well as reduce the number of paper documents. Also, one CFS supervisor reviewed two of his own files. There should be a procedure in place stipulating that a person cannot review his or her own files.

According to CFS supervisors at Northwest CSA, there are no monthly reviews conducted when quarterly QI reviews are conducted. The QI reviews should be separate from the case file reviews and, therefore, the agency should continue to conduct its internal monthly file reviews even when a quarterly QI review is being conducted.

Quality Improvement Reviews Versus Monthly Case File Reviews

A comparison of CFS Case File Review forms and QI Review tools determined that the current quarterly QI review process almost exactly duplicates CFS monthly file reviews, which are compliance, rather than quality, oriented. Almost all of the Family Support Services QI questions matched those listed on the Family Support Services monthly review form, and most

of the Family Crisis Intervention Program QI questions matched those listed on the CFS monthly Family Crisis Intervention Program reviews.

The QI review model should be modified to distinguish it from the monthly case reviews. In addition, the QI review should include quality monitoring of the agency's performance with results going directly to DCS. The results of the QI reviews should help DCS and the CSA answer such questions as: Are children's situations improving due to the services provided? What is the rate of recidivism with CSA clients? How does one CSA's performance compare to other CSAs? It may be beneficial for DCS to directly employ the QI reviewers to increase the appearance of impartiality, improve the information flow between DCS and the agency, and provide DCS with more direct oversight of CSA programs.

Recommendation

Northwest CSA should consider completing review forms in an electronic spreadsheet to reduce the probability of erroneous tabulations. The agency should document the procedures for conducting a case file review, including that a person may not review his or her own files.

The Department of Children's Services and the CSAs should work together to modify the Quality Improvement process to differentiate it from an agency's monthly reviews and to include a qualitative review of agency operations. Additionally, the QI process should require corrective action plans to document actions taken to improve internal operations.

Northwest CSA should also conduct monthly reviews even when the quarterly QI reviews are being conducted since these internal reviews should be separate from the quasi-external QI reviews.

In addition, DCS may want to consider taking a more active role in overseeing and managing the QI reviews conducted at CSAs. DCS may want to consider having the QI reviewers report directly to them and directly pay the reviewer's salary, rather than allow the money to pass through the CSAs. Moreover, DCS should consider developing a review mechanism that fulfills its informational needs and allows for a comprehensive review of CSA performance. DCS should also monitor corrective action plans to ensure that they are followed and should monitor the extent to which corrective actions actually improve CSA internal operations.

Management's Comment

Northwest CSA

We concur. As with any new process, changes for improvement are needed. The CSA QI program is only a little more than a year old. We are constantly reviewing procedures to ensure the highest quality reviews are conducted that provide the most pertinent information to management so that changes can be implemented. Changes made since the time of the audit

include: (1) Requiring written corrective action plans on all items scored less than 100%, (2) Conducting telephone client satisfaction surveys, (3) Conducting telephone Juvenile Court Judges satisfaction surveys, (4) Conducting written DCS staff satisfaction surveys, and (5) Providing documentation of each review to DCS on a quarterly basis. Additionally, the CSA QI Coordinators will be actively involved with the DCS as it implements its own CQI process. We anticipate making changes in our process mirror the CQI process that DCS will implement.

CSA program management staff on a monthly basis will conduct internal case file reviews. Executive Director will ensure supervisors do not review cases held by staff in which they supervise. The Director of Child and Family services program will review each of the monthly reviews conducted to ensure accuracy of findings. Agency will attempt to computerize the scoring tool to ensure accuracy of data.

Department of Children's Services

We concur. DCS is evaluating its relationship with the CSAs and its responsibility to review and monitor the QI reviews and any corrective action plans submitted by the CSAs. The department is developing a plan to better serve the department, the CSAs, and the children receiving services.

5. The agency lacks detailed written procedures for Department of Children's Services programs

Finding

Rules and regulations officially promulgated by the Department of Children's Services (DCS) require the agency to follow department policies and procedures, but the agency does not have detailed written procedures explaining the steps employees should take to fulfill DCS requirements for checking for community-based services before purchasing services, conducting monthly case file reviews and entering KID\$TRAX information.

The agency does not have detailed written procedures stipulating that case managers should verify whether there are free community-based services available before purchasing services from a vendor. For example, there are community-based parenting classes available free of charge that the agency could access before purchasing like services from a vendor. There are no policies and procedures in place stipulating that case managers should consider placement in a quality, free community-based service when available rather than purchasing services. The supervisors spoken with stated that it is part of their job to know what community-based services are available. However, other workers in the organization may not have this institutional knowledge and, therefore, may require some guidance.

DCS provides several written policies to all CSAs, such as how to select files for monthly reviews. For example, DCS Policy and Procedure 31.1 states that a team coordinator should randomly select files for review but does not provide sufficient guidance on how to randomly select these files. This process should be documented to help ensure the process is performed

consistently. This is particularly important since currently only one individual at the agency is responsible for case file selection. By documenting this process, the agency can help ensure that the next responsible person conducts random case file selection in the same manner. As this is a small agency, it is especially important to have detailed written procedures because one person could be responsible for several areas, or only one person could be solely responsible for a particular activity, as in the case of random case file selection. If a person leaves the agency or there is a restructuring of responsibility, the presence of written procedures should ease the transition and help ensure consistency.

Other employees stated there are no policies, procedures, or written instructions for entering information into KID\$TRAX, the database that the CSAs use to capture demographic and financial data on children. It also tracks purchased services made on behalf of each child. Several people within the agency enter information, but as previously stated, this is institutional knowledge that may not be passed on to newer employees. Written instructions would aid users in learning to use KID\$TRAX as well as ensuring institutional knowledge is not lost.

Not only do detailed written procedures act as a resource for new employees, they also provide a consistent reference for conducting internal and external audits, which could aid in reducing errors that affect the program mission and more importantly the individuals and families being served. Additionally, due to heightened public awareness and constant scrutiny by the courts, the agency's use of detailed written procedures becomes even more important. Such procedures allow the agency to be consistent in such areas as eligibility determination, provision of client services, and evaluation of employee performance. For example, by maintaining documented processes, the agency should be able to better demonstrate compliance with certain requirements, such as nondiscrimination clauses, the suitability of vendors to provide services, and court-mandated activities like those required by the Brian A. Settlement Agreement.

Recommendation

The agency should develop and implement detailed written procedures for all processes to act as a guide for employees, to help ensure processes are performed consistently when current institutional knowledge is lost, and to provide a basis for evaluation by internal and external auditors.

The Department of Children's Services may wish to consider having all CSAs develop these detailed written procedures to help promote consistency across the state.

Management's Comment

Northwest CSA

We concur. Agency management will work in conjunction with DCS and leadership of the other CSAs to develop policies and procedures that will provide additional guidance to staff

as they complete tasks assigned under the contract with DCS. Since this is a statewide CSA/DCS issue, we strongly agree with the recommendation that these policies and procedures be consistent across the state.

Department of Children's Services

We concur. DCS will review the current procedures and existing policy and revise existing policy or implement new policy. The department is working toward clarifying the role of the CSAs within DCS and determining their long-term viability.

6. The board is not fully complying with the notice requirements of the open meeting law

Finding

The board of directors for Northwest CSA, pursuant to agency policy, is to meet monthly. According to Section 8-44-103, *Tennessee Code Annotated*, governmental bodies should give "adequate" notice of their meetings. However, when a Northwest CSA board meeting is scheduled, the agency only places notices in Union City's daily paper, the *Daily Messenger*.

Since the board represents nine counties with a combined population of approximately 250,000 individuals in roughly 101,000 households, advertising in one city's newspaper that has a circulation of 8,300 does not provide "adequate" public notice as required by the statute. By only advertising in one city's daily newspaper, the board is not complying with the intent of the open meeting law.

Recommendation

The board should advertise its monthly meetings in other newspapers (whether daily, weekly, local, or other) such as the *Dyersburg State-Gazette* and *Milan Mirror-Exchange* that circulate in the agency's region to maximize the number of households exposed to meeting notifications. In addition, the agency could broadcast meeting announcements on local radio, cable, or television stations or post meeting announcements at county courthouses or other high-traffic public areas such as local libraries and post offices.

Management's Comment

We concur. Although management thought agency was in compliance by having meeting posted in the local newspaper, changes in this process have been implemented. All area papers (daily, bi-weekly and weekly) are now being sent the meeting notices. Also, starting in October 2004, the agency will begin sending notices to each County Mayor's Office requesting posting in each county courthouse.

7. Board policies need to be revised

Finding

Section 37-5-305(b), *Tennessee Code Annotated*, requires the membership of each board serving a rural CSA to be appointed by the Governor and to consist of a representative of each county within the agency boundary and the Commissioner of DCS or the commissioner's designee. Northwest CSA is one of eight rural CSAs in the state. The four metropolitan CSA boards must have at least 12 members, all appointed by the Governor, according to Section 37-5-305(c), *Tennessee Code Annotated*. Thus, the Governor's office must handle appointments to over 100 board positions for the combined 12 CSAs.

At Northwest CSA, statutory requirements result in a 10-member board. However, in calendar years 2001 through 2003, the board had between two and four lengthy vacancies due to resignations, death, or permanent absence. One particular board position (Crockett County) has not been actively filled for nearly two years. At some point, the member holding that appointment stopped coming to board meetings, and no one could contact him or find out what had happened to him. A woman was appointed to the Crockett County position on June 4, 2002, but immediately rejected the appointment in July of that year. According to the Open Appointments Annual Report 2003, a member was appointed by the Governor on July 17, 2002, but the agency was never informed of this and has never heard from him.

Board policies make no provision for board member participation via conference call or the removal of a board member because of absence or failure to perform the duties of the office. Such policies would give the board more options for obtaining quorums at meetings and replacing non-contributing board members in a more timely fashion.

Also, board meeting attendance is not consistently noted. There are several instances where board members are not reflected in the minutes as present or absent. Without accurate attendance notations, the presence of a quorum may be called into question and it is more difficult for the board to monitor and police itself.

Recommendation

The Northwest CSA board should develop a policy for participation via conference call and develop a policy for the board chair to notify the Governor of board members with excessive or consecutive absences. The board should work with the Governor's office to ensure that the Governor has sufficient notice of upcoming vacancies and any other additional information he might need to make timely appointments.

The Northwest CSA board should ensure that accurate meeting minutes are recorded, including the attendance of all board members.

The General Assembly may wish to consider amending state law to provide for the removal of board members with excessive or consecutive absences.

Management's Comment

We concur. We agree board meeting attendance should be consistently recorded. Management will be more diligent in reviewing meeting minutes to ensure all members are recorded as either present or absent and that minutes are free of clerical errors.

Although previously advised not to allow participating in board meetings via conference call, agency management will present to the board a draft policy to address this issue and allow them to vote on such a policy. All policy revisions also require the approval of the Commissioner of the Department of Children's Services (DCS).

Additionally, management will develop a draft policy surrounding board member attendance and when and how to properly notify the Governor's office. Again, all policies must be voted on by the board and approved by the DCS Commissioner. Board members will work with the Executive Director to ensure the Governor's office has sufficient notice of upcoming vacancies.

8. Board members and staff are not filing annual conflict-of-interest statements

Finding

Board policy requires members to make known in writing if a matter comes before the board in which they have a direct or conflicting interest. There is no policy requiring annually signed conflict-of-interest statements, and such forms are not completed on a yearly basis. Of the board members serving between 2001 and 2003, six signed forms on August 17, 2000, and three signed forms on November 26, 2002.

Employees are also not completing annual conflict-of-interest forms; instead, such forms are signed at the time of employment. Personnel policies require employees to immediately notify the executive director or board chair in writing of any conflict-of-interest that subsequently develops.

Conflict-of-interest disclosures are designed to ensure that the public's interest is protected. According to the Governor's Executive Order No. 3 covering executive branch employees, persons should avoid any action, whether or not specifically prohibited by statute or regulation,

which might result in or create the appearance of: 1) using public office for private gain; 2) giving preferential treatment to any person; 3) impeding government efficiency or economy; 4) losing complete independence or impartiality; 5) making a government decision outside of official channels; or 6) adversely affecting the confidence of the public in the integrity of the government.

Annual written disclosures of financial interests, prior employment, employment of immediate family members, and other matters that may influence decisions or could give the appearance of influencing decisions help ensure the board and staff are acting on the state's behalf and that board members are recusing themselves from decision-making as needed.

Recommendation

As a best practice, conflict-of-interest forms addressing financial interests, prior employment, employment of family members, and other matters should be completed annually by all board members and employees as a reminder to be aware of actual, potential, and appearances of conflicts of interest.

The board and agency should revise their conflict-of-interest policies to require annually signed, written conflict-of-interest statements and to require statements to be updated if circumstances change before the annual statement is due.

The executive director should ensure that comprehensive conflict-of-interest statements are received from board members in a timely manner and that such members recuse themselves as warranted.

Management's Comment

We concur. Management was unaware of the fact that the conflict-of-interest statements were required to be completed on an annual basis. All staff sign conflict-of-interest statements during new hire orientation conducted on or around the first day of employment. All board members have also signed this statement once. We will work with the CSA Personnel Standards Committee to incorporate this "best practice" into CSA policy. Additionally, we will ask the committee to review the language of our current conflict-of-interest statement and update if necessary. Changes to the Board Policy will be recommended to the board in the October 2004 meeting.

9. Many promotions and job changes are not documented in employee personnel files

Finding

In a review of 30 employees' personnel files, 11 of the 30 files did not have specific documentation of promotions or changes in employees' job positions. Without such documentation, start dates for pay and benefits changes cannot be confirmed to make sure employees are receiving accurate compensation.

Recommendation

The agency should document the exact dates of employee promotions or changes in positions in personnel files to ensure that the agency can document that employees received accurate and timely compensation.

Management's Comment

We concur in part. While we see evidence of documentation of promotions and job changes in seven of the eleven questioned files, this documentation does not take a consistent form. Some changes are done by memo; some by formal letter while others utilized a change in job plan as a result of a lateral transfer within the same job classification. The agency will develop written instructions to supervisory staff informing them of the appropriate procedures to recommend a promotion or job change for an employee. The Director of Administrative Services will insure all changes from this date forward are done in a consistent manner.

10. Case manager job specifications are outdated and too general

Finding

Case manager job specifications used by the agency are outdated and too general. The job specifications found in personnel files and used to hire case managers are Department of Health program specialist specifications dating from 1993, when CSAs were community health agencies. The specifications only very generally reference duties such as identifying needs and pursuing and delivering services for clients, patients, or consumers; maintaining files; knowing policy and procedure; and maintaining good working relationships with clients, co-workers, others agencies, and the public. DCS's own current specifications date from 1996 for Case Manager 1 (trainee level) and 2002 for Case Manager 2-4 and are very detailed relative to the specific duties and responsibilities of a case manager.

Recommendation

Since the duties, responsibilities, and requisite skills needed of case managers at DCS and Northwest CSA are similar and DCS has hired Northwest CSA to provide case management to non-custodial children and their families, Northwest CSA should use current updated and detailed DCS case manager job specifications when hiring for its comparable positions.

Management's Comment

We concur in part. Although the case manager job classification and position specifications were changed by the Personnel Standards Committee and adopted by the Northwest CSA Board of Directors after the formation of the Department of Children Services to

mirror the DCS personnel standards, old forms continued to be placed in agency personnel files. Program management used the new classifications and position specifications in hiring and training staff. Changes have been made to the agency personnel files.

11. No data reliability testing has been conducted on KID\$TRAX

Finding

KID\$TRAX, an ACCESS database, was developed in 2002 by the CSAs to manage the financial tracking component of their operations that DCS's TNKIDS system had not yet implemented. Northwest CSA uses KID\$TRAX to create invoices to bill DCS for reimbursement. However, neither DCS nor Northwest CSA has conducted formal data reliability testing of the system. Data reliability testing assesses what the software is to be used for, the controls in place to ensure accurate data entry, who has access to data in the system, and the reliability of the data subsequently generated by the computer system. According to the Upper Cumberland CSA staff member who helped create KID\$TRAX, when the program was piloted, staff "knew" that the system was providing what they needed and that it "accurately" reflected current cases through daily hands-on usage and knowledge of current cases.

Monthly and quarterly case file reviews conducted by case manager supervisors and a dedicated regional Quality Improvement person also do not check information in KID\$TRAX against the related paper case files, though DCS policy requires that case file information be compared to the information contained in computer databases such as TNKIDS. KID\$TRAX is such a database.

Without formal data reliability testing, the individual CSAs cannot be certain that there are adequate internal controls within the program software and over the use of the software and that the data within the system are valid and reliable. Management cannot effectively manage and plan programs or ensure DCS is being properly billed without the knowledge that the data being used are accurate.

Recommendation

CSA and DCS Information Systems personnel should conduct data reliability testing on the KID\$TRAX software to verify the presence of adequate internal controls over the system and the accuracy of the data within the system. The individual CSAs should also include verification of KID\$TRAX data in their internal quality control measures.

Management's Comment

Northwest CSA

We concur. There are currently several areas surrounding KID\$TRAX that the Upper Cumberland CSA (where the programmer is employed) and DCS Information Systems Personnel are working to resolve. It is quite possible for DCS to take control of the oversight of this program. We will work with the programmer in Upper Cumberland and DCS staff to ensure data reliability tests are being conducted. Additionally, we will incorporate verification of KID\$TRAX data against paper files in the QI process.

Department of Children's Services

We concur. The Office of Information Technology is evaluating and developing the KID\$TRAX system and will perform reliability tests. KID\$TRAX is in the process of being converted to an Oracle database and will directly interface with TNKIDS. This will allow better controls, data reliability, and security.

12. The TennCare Transportation Program does not list its revenue contracts in its Plan of Operations and, in one instance, is providing services to a managed care organization without a formal contract

Finding

Northwest CSA has revenue contracts with BlueCross BlueShield and Magellan and a Letter of Intent with OmniCare to coordinate and bill for transportation services for their TennCare clients in the nine-county area covered by Northwest CSA. The BlueCross contract dates from 1993/1994 and has been automatically renewed every year since then per a contract clause. The Magellan contract dates from 2001. OmniCare's Letter of Intent is dated April 2001; however, a contract with OmniCare has never been formally executed.

None of these revenue contracts are listed in the agency's Plan of Operation for fiscal year 2004. CSA Rule 0250-07-06-.03(1)(f) requires that the plan of operation contain a list of contracts related to the administration of the CSA.

CSA Rule 0250-7-6-.05(3) requires the CSA to establish policies and procedures for contracting for services but does not address revenue contracts. Neither does the agency's internal policy 3.16 address revenue contracts, instead only specifically addressing contracting for services. The fiscal year 2004 Plan of Operation, Section (c)(5), states that the agency agrees to comply with the *Rules of the Department of Finance and Administration*, Chapter 0620-3-3 Personal Services, Professional Services, and Consultant Services Contracts. Rule 0620-3-3-.08(3) states,

A revenue contract shall be used to formalize an agreement in which a state agency provides specific deliverable services for monetary compensation.

Prior to proceeding with any revenue contract negotiation, the state agency must obtain approval of the Commissioner of Finance and Administration. If the request to enter into a revenue contract is approved, the agency shall proceed with the agreement in accordance with these rules and Department of Finance and Administration Office of Contracts Review Policy Guidelines.

A written contract protects both parties by enumerating, in writing, the complete agreement between parties. The contract should clearly state the rights, duties, and liability of all parties, leaving nothing to an unwritten understanding.

Recommendation

The agency should list both revenue contracts and contracts by which the CSA purchases services in the annual Plan of Operation. There should also be a formal contract between Northwest CSA and OmniCare regarding the services which Northwest CSA provides to OmniCare.

Management's Comment

We concur in part. Guidelines for the Plan of Operation were developed by the Department of Health, the Comptroller of the Treasury, the Department of Children's Services, with approval from the Department of Finance and Administration. Finance and Administration and the Comptroller of the Treasury must approve all plans or any changes to the Plan of Operation. Per the established guidelines, revenue sources are listed as a footnote under the sources of funding in Attachment 1, Page 3 of the Plan of Operation. Prior to this audit finding no exceptions were noted. An alternative to clearly list the revenue contract(s) is listing them under item number 5 as sources of funding-revenue contract(s). Caution should be used to ensure that the Plan of Operation does not become confusing to users and readers.

We do concur with the fact that we are working with OmniCare under a Letter of Agreement. On several occasions, we have requested a formal contract. We will renew our efforts to obtain a formal contract with OmniCare.

13. TennCare Transportation Program vendor files do not contain necessary documentation

Finding

We reviewed the files of the 11 transportation vendors to determine if the files had copies (as required by the MCOs) of the vendor's contract with the MCOs and BHOs; an annual certification form which has vendors verify information such as drivers' names, licenses, and vehicles and that drivers' performance is monitored and background checks are conducted; a valid state business license or ambulance service license; copies of liability insurance; and copies

of annual on-site reviews by Northwest CSA. One transportation vendor file did not have documentation of a 2004 certification; three did not have documentation of a valid state license to operate an ambulance service; and one did not have documentation of a 2003 on-site review.

Without complete documentation, the agency cannot properly oversee the operations of the TennCare Transportation program and safeguard the program's clients.

Recommendation

The agency should obtain all necessary documentation required to fulfill their contractual responsibility to oversee transportation vendors for the MCOs and BHOs to ensure they are able to meet the needs of the TennCare population.

Management's Comment

We concur. Agency staff will put a tracking system into place to ensure all documentation is present in vendor files as required by the MCOs and BHOs.

RECOMMENDATIONS

LEGISLATIVE

This performance audit identified the following areas in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the Northwest Community Services Agency's operations.

1. The General Assembly may wish to consider amending state law to provide for the removal of board members with excessive or consecutive absences.
2. The General Assembly may wish to consider amending Section 37-5-305(b), *Tennessee Code Annotated*, based upon the advice of the Attorney General, to remove the Commissioner of the Department of Children's Services or the commissioner's representative from serving as a voting member on rural community services agency (CSA) boards as this appears inconsistent with Section 37-5-305(j), *Tennessee Code Annotated*, which would limit the commissioner's participation in the majority of CSA business.

ADMINISTRATIVE

Northwest Community Services Agency should address the following areas to improve the efficiency and effectiveness of its operations.

1. Management should develop a system with written policies and procedures for monitoring both contract compliance and vendor service quality. Contracts should require the reporting of performance data or attainment of certain performance goals. At a minimum, the agency should monitor vendors who receive the bulk of service monies or provide a majority of the services to evaluate whether Northwest CSA is fulfilling the statutory obligation of promoting the well-being of children and other citizens of the state. Monitoring these services should provide the agency with a basis for improving service delivery and consistency of those services throughout the region.
2. Management should monitor vendors who do not have a formal written contract but who provide services to clients.
3. Management should develop formal, written Title VI policies and procedures for monitoring itself and the vendors with whom it does business, for the submission and handling of complaints, and for ensuring clients are informed of their rights under Title VI and know with whom they can file a complaint both within and outside the agency.
4. Management should implement policies and procedures to verify that all employees and vendors having contact with children have passed a criminal background check to reduce the likelihood of exposing children to child abuse offenders or sex abuse offenders. Any individuals who are not presently verified should not be permitted to have contact with children until the verification is completed. Policies and procedures should also require that any individuals who subsequently become ineligible to have contact with children are identified and removed from positions having contact with children as soon as possible.
5. Management should consider completing review forms in an electronic spreadsheet to reduce the probability of erroneous tabulations. The agency should document the procedures for conducting a case file review, including that a person may not review his or her own files. Management should also conduct monthly reviews when the quarterly Quality Improvement reviews are being conducted since these internal reviews should be separate from the quasi-external Quality Improvement reviews.
6. Management, in conjunction with the Department of Children's Services and the other CSAs, should modify the Quality Improvement process to differentiate it from an agency's monthly reviews and to include a qualitative review of agency operations. Additionally, the Quality Improvement process should require corrective actions plans to document actions taken to improve internal operations.
7. Management should develop and implement detailed written procedures for all processes to act as a guide for employees, to help ensure processes are performed consistently when

current institutional knowledge is lost, and to provide a basis for evaluation by internal and external auditors.

8. The Northwest CSA Board of Directors should advertise its monthly meetings in other newspapers in addition to Union City's *Daily Messenger* (whether daily, weekly, local, or other) to maximize the number of households exposed to meeting notifications. Alternatively, the board could broadcast meeting announcements on local radio, cable, or television stations or post meeting announcements at county courthouses or other high-traffic public areas such as local libraries and post offices.
9. The Board of Directors should develop a policy for participation via conference call and develop a policy for the board chair to notify the Governor of board members with excessive or consecutive absences.
10. The board should ensure that accurate meeting minutes are recorded, including the attendance of all board members.
11. As a best practice, conflict-of-interest forms addressing financial interests, prior employment, employment of family members, and other matters should be completed annually by all board members and employees as a reminder to be aware of actual, potential, and appearances of conflicts of interest.
12. The board and agency should revise their conflict-of-interest policies to require annually signed, written conflict-of-interest statements and to require statements to be updated if circumstances change before the annual statement is due.
13. The executive director should ensure that comprehensive conflict-of-interest statements are received from board members in a timely manner and that such members recuse themselves as warranted.
14. Management should document the exact dates of employee promotions or changes in positions in personnel files to ensure that the agency can document that employees received accurate and timely compensation.
15. Since the duties, responsibilities, and requisite skills needed of case managers at the Department of Children's Services and Northwest CSA are similar and the department has hired Northwest CSA to provide case management to non-custodial children and their families, Northwest CSA should use current Department of Children's Services case manager job specifications when hiring for its comparable positions.
16. Community Services Agency and Department of Children's Services Information Systems personnel should conduct data reliability testing on the KID\$TRAX software to verify the presence of adequate internal controls over the system and the accuracy of the data within the system. The individual CSAs should also include verification of KID\$TRAX data in their internal quality control measures.

17. Management should list both revenue contracts and contracts by which the CSA purchases services in the annual Plan of Operation. There should also be a formal contract between Northwest CSA and OmniCare regarding the services which Northwest CSA provides to OmniCare.
18. Management should obtain all necessary documentation required to fulfill their contractual responsibility to oversee transportation vendors for the MCOs and BHOs to ensure they are able to meet the needs of the TennCare population.

The Department of Children's Services should address the following areas to improve the efficiency and effectiveness of its operations.

1. The Department of Children's Services may wish to consider having all CSAs develop detailed written procedures to help promote consistency across the state.
2. The department should require its regional administrators to recuse themselves immediately from CSA board votes. The commissioner of the department and the CSAs should seek the advice of the Attorney General regarding the commissioner's role on the board of directors.
3. The department may wish to consider requiring all CSAs to report performance data or attainment of certain performance goals to ensure that the department's own mission and contract provisions are being fulfilled.
4. The department, in conjunction with the CSAs, should modify the Quality Improvement process to differentiate it from an agency's monthly reviews and to include a qualitative review of agency operations. Additionally, the Quality Improvement process should require corrective action plans to document actions taken to improve internal operations.
5. The department may want to consider taking a more active role in overseeing and managing the Quality Improvement reviews conducted at CSAs. Moreover, the department should consider developing a review mechanism that fulfills its informational needs and allows for a competent review of CSA performance. The department should also monitor corrective action plans to ensure that they are followed and effectively improve CSA internal operations. The department may also want to consider having the Quality Improvement reviewers report directly to it and directly pay the reviewers' salary, rather than allow the money to pass through the CSAs.
6. The department should develop a system for measuring the quality of service provided by CSAs. The department should develop and implement written policies and procedures for monitoring both contract compliance and service quality to ensure that Northwest CSA, in particular, and CSAs, in general, are fulfilling their statutory and contractual obligation of promoting the well-being of children and other citizens of the state. Monitoring these services should provide the department and agencies with a basis for improving service delivery and the consistency of those services throughout the region and state.

7. The department should monitor the Northwest CSA through reports on CSA client recidivism, Title VI compliance, case closure rates, how long cases are open, comparing and contrasting performance of CSAs, searching for client names and social security numbers appearing in more than one CSA as a deterrent to fraud and abuse, specific service volume, etc.
8. The department should determine what information it needs in an annual report and revise Rule 0250-7-6-.05(8) and its contract with Northwest CSA to eliminate conflicting language, perhaps requiring submission of an annual report with programmatic information within nine months of the close of the fiscal year and the Comptroller's financial audit with financial statements when released. The department should also develop and initiate a monitoring tool that its liaison with the CSAs will use to determine whether CSAs submit annual reports in a timely fashion.
9. Department of Children's Services and CSA Information Systems personnel should conduct data reliability testing on the KID\$TRAX software to verify the presence of adequate internal controls over the system and the accuracy of the data within the system. The individual CSAs should also include verification of KID\$TRAX data in their internal quality control measures.

APPENDIX

Northwest CSA Staff Gender and Ethnicity By Job Position February 2004

Title	Gender		Ethnicity	
	<i>Male</i>	<i>Female</i>	<i>White</i>	<i>Black</i>
Administrative Specialist 1-4	0	12	11	1
LPN	0	22	20	2
Case Manager	3	15	14	4
RN	0	5	4	1
Education Specialist	0	1	1	0
Dental Assistant	0	2	2	0
Team Coordinator	0	1	1	0
Nurse Clinician	0	1	1	0
Nursing Director	0	1	1	0
Nurse Practitioner	0	1	1	0
Executive Director	1	0	1	0
Health Administrator	0	1	1	0
Administrative Services Director	0	1	0	1
Fiscal Specialist	0	1	1	0
TennCare Transport Director	0	1	1	0
Fiscal Director	0	1	1	0
Administrative Assistant	0	1	1	0
RN Supervisor	0	1	1	0
Quality Assurance	0	1	1	0
Training Coordinator	0	1	1	0
Total	4	70	65	9