

**Department of Children's Services**

**November 1998**

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November 19, 1998

The Honorable John S. Wilder  
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Speaker of the House of Representatives  
The Honorable Kenneth N. (Pete) Springer, 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 Department of Children's Services. 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 department should be continued, restructured, or terminated.

Very truly yours,

W. R. Snodgrass  
Comptroller of the Treasury

WRS/dlj  
97-069

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit  
**Department of Children's Services**  
November 1998

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## AUDIT OBJECTIVES

The objectives of the audit were to review the department's legislative mandates and the extent to which the department has carried out those mandates efficiently and effectively, and to make recommendations that might result in more efficient and effective operation of the department.

## FINDINGS

### **Inadequate Information on the Foster Care Program**

Central office management does not have sufficient information to ensure the Foster Care Program is operating effectively or to evaluate the performance of field staff. In order to adequately oversee a program, management needs readily available, accurate data on children in foster care and on staff's activities, compliance with policies and rules, and program results (page 14).

### **Lack of Compliance with Policies Concerning Monthly Visits with Foster Care Children and Number of Children Per Foster Home**

The 1992 Department of Human Services performance audit reported that counselors were not making contacts with foster children as often as required and that some foster homes had more than six children. Although the Foster Care Program has since been transferred to the Department of Children's Services, these problems continue (page 15).

### **Effectiveness of Some Early Intervention Programs Not Tracked**

The department has invested a great deal of money in early intervention programs. However, the department's ability to monitor the effectiveness of these programs (i.e., to determine whether such programs are successful in keeping children from entering or reentering state custody) is limited because, except in the case of the Home Ties program, neither the department nor the programs track program participants (page 17).

### **No Formal, Consolidated Guidelines and Procedures for Wraparound Fund Expenditures**

There are few department policies or procedures, no statutes, and no grant guidelines describing allowable and nonallowable expenditures from wraparound funds. Thus far, guidance has been provided sporadically, in the form of memoranda focusing on specific problems. Without formal comprehensive guidelines and procedures, field staff have difficulty determining what is an appropriate expenditure (page 20).

### **Insufficient Internal Audit Staff to Perform Needed Reviews of Facilities and Programs**

The Department of Children's Services has not had sufficient internal audit staff to adequately audit a department with 3,000 employees stationed throughout the state. From July 1996 (when the department was created) to August 1997, the department had only one internal auditor. The department hired an Internal Audit Director in August 1997 and a Correction Program Manager by April 1998. Two Auditor IIIs and an Auditor II were hired after April 15, 1998 (page 22).

**Joint Effort Needed to Ensure Sufficient Monitoring of Contract Agencies' In-house Schools**

Eighty of the agencies the Department of Children's Services contracts with have in-house schools and educational programs which are approved annually by the Department of Education and monitored by the Department of Finance and Administration's Office of Program Evaluation. However, it is not clear whether all major aspects of every contract agency's educational programs are evaluated, particularly the quality of the educational services provided (page 24).

**Unfilled Security Positions Result in Overtime and the Use of Less-Trained Contract Personnel**

Because of the high number of vacant full-time youth service officer positions, youth development centers and group homes have relied heavily on overtime, which at some level could increase payroll costs and hinder staff's effectiveness. To reduce overtime and fill gaps in staffing, the department contracts with part-time security personnel at some facilities. However, as first noted in the September 1995 performance audit of the Department of Youth Development, the use of contract security staff raises several concerns. First, contract staff tend to be less experienced and more transient. Second, despite the advantages of lower salaries and no fringe benefits for contract security officers, these part-time staff receive only one-fourth as many hours of training as full-time staff, even though they are authorized to perform the same tasks as full-time staff (page 25).

**OBSERVATIONS AND COMMENTS**

The audit also discusses the following issues that may affect the operations of the Department of Children's Services, as well as the clients the department serves: assessment and placement of children entering state custody, the computer system upgrade, the Continuum of Care system, community services agencies, termination of parental rights, and the need for continued communication and coordination between the Departments of Children's Services and Finance and Administration (page 6).

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

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# Performance Audit

## Department of Children's Services

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# **Performance Audit Department of Children's Services**

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## INTRODUCTION

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### **PURPOSE AND AUTHORITY FOR THE AUDIT**

This performance audit of the Department of Children's Services was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-219, the department was scheduled to terminate June 30, 1998. As provided for in Section 4-29-115, however, the department will continue through June 30, 1999, for review by the designated legislative committee. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the department and to report to the Joint Government Operations Committee of the General Assembly. This performance audit is intended to aid the committee in determining whether the department should be continued, restructured, or terminated.

### **OBJECTIVES OF THE AUDIT**

The objectives of the audit were

1. to determine the authority and responsibility mandated to the department by the General Assembly;
2. to determine the extent to which the department has met its legislative mandate;
3. to evaluate the efficiency and effectiveness of the department's activities and programs; and
4. to recommend possible alternatives for legislative or administrative action that may result in more efficient and effective operation of the department.

### **SCOPE AND METHODOLOGY OF THE AUDIT**

We reviewed the department's activities and procedures focusing on procedures in effect during fiscal year 1998. The audit was conducted in accordance with generally accepted government auditing standards and included

1. review of applicable legislation, executive orders, and department policies and procedures;
2. attendance at relevant legislative and department committee meetings;
3. examination of the department's records, reports, and information summaries;
4. audit reports from other states and reports by the Commission on Children and Youth, the Select Committee on Children and Youth, the Vanderbilt Institute of Public Policy Studies, the Southern Association of Colleges and Schools, and the General Accounting Office;

5. interviews with department staff, staff of other state and non-state agencies that interact with the Department of Children's Services, and management and staff of the community services agencies; and
6. reviews of financial audit reports and plans of operation from the community services agencies.

## **HISTORY AND STATUTORY DUTIES**

In 1991, Tennessee embarked on a major realignment of children's services involving all child-serving departments. This initiative, which was called the Children's Plan, was formalized by Governor McWherter's Executive Order Number 58, signed June 29, 1994. The executive order created, within the Department of Finance and Administration, the Office of Children's Services Administration to coordinate and direct the operations of the Children's Plan. On August 1, 1995, pursuant to Governor Sundquist's Executive Order Number 4, the functions of the Office of Children's Services Administration were transferred to the Department of Health. Executive Order Number 5 (effective November 9, 1995) and Number 6 (effective January 12, 1996) transferred additional child-related duties to the Department of Health from the Departments of Mental Health and Mental Retardation, Youth Development, and Human Services.

The Department of Children's Services was created by Chapter 1079, Public Acts of 1996. This department consolidated all custodial services for children, including juvenile justice and child welfare services. As of July 1, 1996, the department assumed responsibility for providing services to children committed to state custody and to children at risk of commitment to state custody. (The services provided by the department had previously been provided by six different departments: the Departments of Education, Finance and Administration, Health, Human Services, Mental Health and Mental Retardation, and Youth Development.) The Department of Children's Services reorganized service delivery staff into 12 regional units, representing four urban counties and eight rural regions. These newly created community services agencies replaced the abolished community health agencies.

According to Section 37-5-102, *Tennessee Code Annotated*, the Department of Children's Services shall "strive to provide timely, appropriate, and cost-effective services for children in state custody and at risk of entering state custody so that these children can reach their full potential as productive, competent, and healthy adults." The focus of the department shall be to "preserve the relationship between the child and the family by providing, whenever possible, services in the community where the child lives and by providing the services in a setting which is the least restrictive and, yet, the most beneficial." The department shall strive to

- protect children from abuse, mistreatment, or neglect,
- provide prevention, early intervention, rehabilitative, and educational services,
- pursue appropriate and effective behavioral and mental health treatment, and
- ensure that health-care needs are met.

As of May 31, 1998, there were 11,897 children in state custody: 3,054 children in non-contract placements and 8,843 in contract placements (including foster homes).

## ORGANIZATION

The Department of Children's Services, which employs approximately 3,000 staff statewide, is headed by a commissioner who reports directly to the Governor. The commissioner is aided by a deputy commissioner and five assistant commissioners. Also reporting to the commissioner are the areas of Internal Affairs, Legal Services, Special Operations, Internal Audit, Planning and Research/Provider Services, and the Public Information Officer. The Internal Affairs Division conducts background checks of all prospective employees and adoptive/foster parent candidates and investigates allegations of misconduct by employees. Special Operations is responsible for addressing legislative inquiries, investigating allegations of improper treatment of department employees (i.e., conducting employee grievance hearings), and performing other activities as directed by the commissioner. The Planning and Research/Provider Services section includes residential resource management, nonresidential management, and management of the continuum of care program.

The department has five major divisions:

- The Division of Administrative Services is responsible for administrative support services, staff development, facilities management, and personnel.
- The Division of Fiscal and Information Systems is responsible for budget, fiscal services, contract administration, and information resources.
- The Division of Departmental Treatment Facilities is responsible for oversight of the following:
  - Four youth development centers—Mountain View (Dandridge), Taft (Pikeville), Wilder (Somerville), and Woodland Hills (Nashville)
  - Thirteen group homes—Bradley Group Home (Cleveland), Cookeville Halfway House, Elizabethton Group Home, Inman Group Home (Tullahoma), Jackson Halfway House, Johnson City Boys Group Home, Madisonville Group Home, Memphis Group Home, Nashville Transition Center, Northeast Tennessee Academy (Johnson City), Oak Ridge Group Home, Peabody Residential Treatment Center (Memphis), and West View Center (Knoxville)
    - Observation and Assessment Center (Johnson City)
    - LIFT Academy (Elizabethton)
    - Tennessee Preparatory School (Nashville)
  - The Division of Program Operations is responsible for regional services (i.e., child and family teams, family crisis intervention teams, residential case management, central placement, transportation services, and community services agencies) and child protective and adoption services.
  - The Division of Support Services is responsible for policy development, medical services, health education, security, volunteer services, special populations, and education.

## REVENUES AND EXPENDITURES

The Department of Children’s Services had a budget of over \$387 million for fiscal year 1998. During fiscal year 1997, the department had revenues and expenditures of \$375.8 million. The department revenues were derived from state appropriations (41 percent), federal funding (21 percent), and other sources, mostly current services and interdepartmental revenues, which accounted for 38 percent. The major categories of department expenditures were as follows:

- Custody Services - 44 percent
- Child and Family Management - 22 percent
- Family Support Services - 11 percent
- Youth Development Centers - 8 percent
- Administration - 7 percent
- Adoption Services - 3 percent
- Tennessee Preparatory School - 3 percent
- Community Treatment Facilities - 2 percent

### COMMUNITY SERVICES AGENCIES

The community health agencies were created in 1989 to “provide a mechanism to facilitate the provision of services for children and other citizens in need of services in Tennessee through centralized agencies located throughout the state.” In May 1996, the Community Services Agency Act of 1996 replaced the community health agencies with the community services agencies. The Department of Children’s Services contracts with the twelve community services agencies (CSAs) to provide services to children and their families; at the same time, the department retains overall responsibility for the well-being of children placed in state care. Four of the CSAs are located in the state’s most populated counties (Davidson, Hamilton, Knox, and Shelby) and are commonly referred to as metros. Eight other CSAs, known as rurals, serve the other 91 counties and are located in Johnson City (Northeast Region), Knoxville (East), Chattanooga (Southeast), Cookeville (Upper Cumberland), Nashville (Mid-Cumberland), Columbia (South Central), Jackson (Southwest), and Union City (Northwest). (See page 10 for additional information on CSAs.)

The CSAs receive funds from a variety of sources, including the Departments of Health and Correction, managed care organizations and behavioral health organizations associated with the Bureau of TennCare, and nonprofit organizations. However, in fiscal year 1998, Children’s Services provided the majority (57 percent) of the funding for all CSAs combined. (See table below.) For nine of the twelve CSAs (all except Northeast, Southwest, and Northwest), funding from the department accounted for at least 50 percent of total funding. In three metropolitan regions (Davidson, Hamilton, and Knox Counties), the department provided 100 percent of the funding. According to department staff, the percentage of funding provided by Children’s Services varies because although some CSAs focus exclusively on department-related services, other CSAs provide services for a variety of agencies.

<u>CSA</u>	<u>Fiscal Year 97-98 Budget</u>	<u>Funding from Children’s Services</u>	<u>Percent from Children’s Services</u>
Northeast	\$5,734,278	\$2,037,600	36%
East	5,606,910	3,488,186	62%
Southeast	2,470,358	1,553,296	63%
Upper Cumberland	2,590,691	1,538,261	59%

Mid-Cumberland	6,806,139	3,752,613	55%
South Central	2,349,999	1,577,093	67%
Southwest	5,992,745	1,948,906	33%
Northwest	4,609,284	1,297,465	28%
Davidson County	2,940,707	2,940,707	100%
Hamilton County	1,654,892	1,654,892	100%
Knox County	1,724,609	1,724,609	100%
Shelby County	<u>5,658,131</u>	<u>3,974,392</u>	70%
Total	<u>\$48,138,743</u>	<u>\$27,488,020</u>	57%

The CSAs divide the services they provide for Children’s Services into two major program areas: children and family services and flexible funding for families. (CSAs may also contract with one or more subcontractors to provide services under the children and family services and/or flexible funding for families programs.)

#### Children and Family Services

The children and family services program is designed to improve the service delivery system to children who have been, or are at imminent risk of being, committed to the state’s care. Under this program, the CSA’s children and family services staff have five major areas of responsibility: prevention services, assessment and planning, permanency plan development, case management, and resource management. Assessment and planning responsibilities include performing assessments, completing social histories, administering intake, filling out eligibility forms, and arranging pre-custodial placements. For children judged to be at imminent risk of commitment to state custody, the CSAs have developed crisis intervention teams to provide counseling to (and locate suitable services for) the children and their parents. The goal of the teams is to prevent the department from having to take custody of these children.

#### Flexible Funding for Families

The flexible funding for families program is designed to use flexible funding to enable children and families to remain intact. A children and family services staff member works with case managers to develop individualized service plans for children at imminent risk of entering state custody, as well as for children in state custody who can be successfully reunited with their families. Staff is also responsible for ensuring the progress made by children and their families in meeting the goals of their plans is monitored to ensure specific outcomes are realized. Program funds may be used to procure goods and services deemed necessary to protect and promote the interests of the children and their families.

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### OBSERVATIONS AND COMMENTS

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The issues discussed below did not warrant findings but are included in this report because of their effect or potential effect on the department’s operations.

## **ASSESSMENT AND PLACEMENT**

Assessment. Each child who enters state custody is assessed to determine the child's needs and the appropriate placement. The assessment team determines what services are required and develops a Permanency Plan to address the identified needs. The plan details which services a child should receive and the time lines for completion of required care and also acts as a tool to measure the child's success. According to statute, a plan shall be prepared within 30 days of the child's entrance into state custody. Until this plan is completed, the child remains in temporary custody and does not begin receiving services until assigned a more permanent placement. Department staff stated that the assessments and plans of care are not always completed within the time allowed and cited two reasons: the high caseloads case managers carry and the extra time needed to consult with the behavioral health organizations regarding mental health assessments for children enrolled in TennCare.

Placement. When a child enters department custody through the juvenile justice system, placement is guided by the central placement office and is based on the needs of that child (as determined by the assessment process) and the availability of space. (For children entering through the foster care system, intake into custody and referral for placement is less centralized, occurring at the regional level.) The central placement office receives a daily count of children in juvenile justice facilities and also a weekly listing of all children occupying a bed in one of these facilities. According to staff, both contract and state facilities have waiting lists, ranging from a few days to a few years. Staff meet daily with the central office staff in charge of youth development centers and community residential facilities to place children and remove them from waiting lists, and to plan the use of future available beds.

Monitoring of Assessment and Placement. Children's plans and case files are reviewed at the field level by supervisors and regional administrators at a rate varying from daily to monthly to quarterly. Case files are also evaluated by the Tennessee Commission on Children and Youth during its annual evaluation of the Department of Children's Services. This annual evaluation results in a report known as the Children's Program Outcome Review Team (C-PORT). Information for the C-PORT report is gathered through interviews and review of children's case records. Cases for review are selected randomly from the population of children in state custody. Children are evaluated on 13 status indicators, and the service systems are evaluated on 17 functions. Service system strengths, noteworthy accomplishments, and emerging issues are identified for each region. The 1994 results serve as a baseline and the following years are compared to 1994 to define changes in service quality.

The 1997 C-PORT report stated:

Assessment was found to be a strength in the system’s ability to identify child and family problems and the necessary services and strategies to address their needs. Adequate assessment will also help in meeting the requirements for [Early and Periodic] Screening, Diagnosis, and Treatment. . . Assessment then relates to adequate Plan of Care development. If the Plan of Care is completed in isolation without an adequate assessment, often appropriate services are not identified delaying treatment, delaying family intervention, and increasing the length of stay in custody.

Several of the indicators evaluated in the C-PORT reports reflect the quality of the assessment and placement process. (See table below.)

### Summary of Selected Data from C-PORT Reports

Evaluation Item	Percent of Cases Indicating Appropriate Action/Adequate Services			
	1994	1995	1996	1997
Custody necessary	84	88	94	93
Permanence adequately addressed	80	83	87	84
Placement appropriate	82	85	86	88
Positive supportive services for family unity	55	64	65	72
Satisfaction with services—children	58	76	83	82
Satisfaction with services—families	58	59	67	69
Adequate needs assessment done	75	80	86	86
Adequate long-term view for services	64	75	77	83
Adequate child participation	75	84	87	92
Adequate family participation	75	77	82	81
Adequate plan of care	64	63	71	72
Timely implementation of plan of care	63	66	67	73
Adequate monitoring & appropriate changes to plan	52	61	66	72
Adequate array of home and community services	62	72	74	76
Adequate placement resources	77	83	83	85

Based on the results from the Commission on Children and Youth review, the status of the child and family has improved overall. The system was found to function adequately 51 percent of the time—an improvement from the 31 percent reported in 1994. According to the review, “System indicators such as assessment of needs, long-term view for services, service-

plan implementation, and child participation have improved and contribute to an improved starting point for those children who enter custody. Although there was a slight increase in adequate plan design for services, this component remains a system issue along with other system components, such as coordination of services, and monitoring/change, which consistently remain deficit areas. These deficit areas contribute to inadequate progress achieved by the family, and children remaining in custody too long.”

## **COMPUTER SYSTEM UPGRADE**

The March 1996 performance audit of the Department of Finance and Administration reported that the Office of Children’s Services Administration had failed to develop a management information system to be used by all child-serving departments, forcing reliance on a system that contained inaccurate data on children in state custody and had insufficient data to allow monitoring of each child’s status. Earlier performance audits of the Departments of Human Services (April 1992) and Youth Development (September 1995) also discussed information systems that did not provide current data or all needed types of data. The consolidation of all children’s custodial services into one department did not resolve these problems. The Department of Children’s Services, however, is developing a new computer system that should better meet its information needs.

Current System. The Department of Children’s Services is using four different computer systems, all of which were inherited from the departments or programs which formerly provided children’s custodial services:

- CORS (Client Operation and Review System)—used by case managers and CSA staff to record the profiles of children in state custody and monitor the children’s status
- OBSCIS (Offender-Based State Correctional Information System)—used to track the children in department development centers and group homes
- SSMS (Social Services Management System)—used for child protective services and foster care
- ChiPFinS (Children’s Plan Financial System)—an old mainframe system used to pay for foster care

According to department staff, the use of four systems increases the possibility that information will be duplicated or not entered into the system at all. The field staff are responsible for transferring each child’s records from one system to another as the child moves through the system. This process is inefficient and may result in incomplete information.

New System. The department is developing a new computer system, known as TennKids, to replace the four current systems. All department staff will then have access to the same computer system, thereby facilitating communication among all programs. According to department staff, TennKids will allow the central office to monitor the activities of the field staff more effectively and will enable case managers to better track their caseloads. The department’s goal is to develop a single child and family database containing unduplicated data and having the ability to track children statewide.

In addition, according to department staff, the current systems used by the department are unable to track children who are participants in the department's aftercare program or early intervention programs, making it impossible for the department to determine whether these programs are preventing children from entering or reentering state custody. TennKids is being designed to track those children who enter (or reenter) the department's custody. This system will not, however, be able to identify those children who leave state custody and then enter the adult corrections system.

The TennKids project will be implemented in two phases. Phase I consists of office automation. In this phase, the department installed 2,800 new computers and trained department staff. Phase I was completed in May 1997, at a cost of \$17 million. Phase II involves the creation and installation of the TennKids software. This second and more lengthy phase is currently in progress; the system is expected to be implemented statewide by June 1999. The CORS system will be the "holding system" pending completion of the new system's installation. The ChiPFinS system is scheduled to be the last area integrated into the new system.

A management advisory committee (MAC) has been created within the department to assist in the creation of TennKids by (1) reviewing the development and maintenance of a strategic information plan, (2) reviewing and approving information resource policies, (3) setting information system priority needs and settling conflicts, and (4) communicating with information resource staff.

## **CONTINUUM OF CARE**

According to information the department submitted to the General Assembly in October 1996, continuum of care is

a service-based system of care which allows the Contractor greater flexibility in designing services for the child/family, the ability to facilitate more rapid movement of the child through the service system, and the ability to "customize" the delivery of services to each child and family in the least restrictive and most cost-efficient manner. For the Department of Children's Services it provides more resources for children and families for the same amount of money now being spent on bed space.

(See the Appendix for additional information on the continuum of care program.)

Because of the newness of the program (and, therefore, the lack of data on program results), auditors were unable to draw any conclusions on the program's long-term success. Based on discussions with department central office and regional staff and staff of the community services agencies, the program is receiving mixed reviews thus far. On the positive side, those interviewed were particularly optimistic about (1) the program's emphasis on maintaining consistency of care (moving a child through the system in one facility and with one caseworker); (2) the emphasis on steadily moving children to gradually descending levels of custody; and (3) the incentives designed to reward providers for moving kids out of the system. On the negative side, those interviewed were concerned that children would be sent home before they were ready to return to their home and community and that some children with severe

behavioral problems were being placed with providers not equipped to deal with such children. In addition, concerns were expressed about the need for a better assessment of how a “success” is measured and the difficulty of ensuring providers were complying with contract provisions. Apparently, some facilities have resisted accepting more children or have tried to dictate the types of children they will accept. In some cases, providers with statewide contracts have filled their quota in only one or two regions of the state where they can get the number and types of kids they want to treat at the most lucrative contract rate. As a result, less populated regions were left without available beds for children. Because it seems clear that some of the strengths of the program are also potential weaknesses (i.e., could lead to unintended consequences), it is particularly important that the department continually monitor and evaluate providers’ activities and compliance with contract provisions, as well as program results.

## **ISSUES RELATING TO COMMUNITY SERVICES AGENCIES**

The Department of Children’s Services acts as the oversight agency for the twelve community services agencies (CSAs). Auditors identified several issues relating to CSA boards of directors, CSA employees, and the department’s monitoring of the CSAs that need to be resolved. (See page 4 for a more detailed description of the CSAs, their funding, and services.)

### CSA Boards of Directors

Pursuant to Section 37-5-305, *Tennessee Code Annotated*, each CSA is to be governed by a board of directors. In the eight rural CSAs, the boards of directors are appointed by the Governor upon a recommendation from the Commissioner of Children’s Services. In the four metropolitan CSAs, one-half of the boards’ membership is named by the Governor and one-half by the county executive. The department’s regional administrator for each region serves as the commissioner’s designee on the board for that region (except in Shelby County). Section 37-5-305(b), *Tennessee Code Annotated*, states that “the membership of each board serving a rural community services agency shall...consist of a representative of each county within the agency boundary.” As of June 1998, ten boards had a total of 34 vacancies, including four vacancies in the East, Upper Cumberland, Mid-Cumberland, and South Central regions and five vacancies in the Memphis-Shelby County region. If all open positions on the boards are not filled, some counties may not have a voice in decisions that affect their citizens.

### CSA Employees

Since the creation of the CSAs (formerly called community health agencies) in 1989, the status of CSA employees has been unclear. Although CSAs are considered part of state government (for reporting purposes), CSA employees do not receive all the benefits of others in state service. They are eligible for insurance and retirement benefits but are not eligible for longevity pay. The lack of longevity pay seems an oversight in the enabling statutes. Another problem arises from these enabling statutes. According to Section 37-5-307, *Tennessee Code Annotated*, the executive director of each CSA is to be appointed by the Commissioner of Children’s Services. The staff of one metropolitan CSA however are contract county employees. This situation raises the issue of whether someone appointed by the state Commissioner of Children’s Services can supervise county employees. Since the creation of the Department of Children’s Services in 1996, department staff have worked with the county governments to resolve this problem. A similar situation in Knox County was resolved in 1997. As of July

1998, Hamilton County no longer provides staff to operate the CSA. However, the situation in Davidson County remains unresolved.

### Monitoring of CSA Operations

Based on discussions with Children's Services staff and review of reports submitted to the department by the CSAs, it appears that the department's monitoring of CSA operations is inconsistent and, in some cases, limited. Although some regional administrators appeared to work very closely with CSA management and conduct reviews of CSA services, in other cases there appeared to be limited oversight. In addition, reports submitted by the CSAs to the department contained little information about service quality and effectiveness. The Department of Children's Services should standardize its process for monitoring CSA operations to help ensure efficient and effective provision of services. The department should work with CSA management to ensure that the CSAs provide information useful to the state in assessing and improving CSA operations.

### **TERMINATION OF PARENTAL RIGHTS**

When termination of parental rights is necessary, timely action can minimize disruption to the foster child's life and improve the child's chances for adoption. Children's Services was given responsibility for the termination process, along with other foster care responsibilities, upon the department's creation in 1996. (Prior to 1996, the Department of Human Services had this responsibility—that department's failure to pursue termination of parental rights in a timely manner was a finding in the 1992 performance audit of the department.) Termination may be pursued after four months in cases of abandonment or after six months if the department determines that the problem resulting in the child's removal from the home will probably not be corrected. The termination process is initiated by a department caseworker, then handled by regional legal staff.

The department was unable to provide statistics on the length of time taken to process terminations of parental rights; however, department staff at both the regional and central office levels agreed that termination was often not pursued timely. Legal staff stated that the slowness of the termination process delays the release of children from state custody and may make it more difficult to find adoptive parents (because older children are more difficult to adopt). Possible factors hindering timely completion of the termination process include lengthy court dockets, insufficient legal staff to process terminations, the lack of appropriate placements, the reluctance of some judges to terminate parental rights until all treatment options for parents have been explored, and difficulties in locating one or both parents. According to staff, the department's new computer system should be able to interface with the nationwide "Parent Locator System" to facilitate searches for parents.

Clearly, termination of parental rights should be pursued only after careful consideration and a determination that family reunification is not possible and that termination of parental rights is in the child's best interest. However, once that decision has been made, timely action would help ensure the child is protected and has the best chance of finding a permanent home. The department may wish to review the process, determine where most delays occur, and take corrective action.

## **NEED FOR CONTINUED COMMUNICATION AND COORDINATION BETWEEN THE DEPARTMENTS OF CHILDREN'S SERVICES AND FINANCE AND ADMINISTRATION**

Both the Department of Children's Services' Office of Residential Licensing and the Department of Finance and Administration's Office of Program Evaluation review the operations of residential programs that contract with Children's Services to house children in state custody. Some programs are reviewed by only one of the departments; others are reviewed by both departments. In its review, Children's Services focuses on compliance with licensing standards; Finance and Administration focuses on contract compliance and fiscal monitoring. It appears that the two departments' reviews are complementary (rather than duplicative); however, the inspection forms each department uses have many similarities and require the review of some similar types of information. Therefore, it is essential that the staffs of Children's Services and Finance and Administration coordinate efforts to ensure that all important areas are reviewed and that there is no duplication of effort.

The Department of Children's Services' Office of Residential Licensing conducts annual licensing inspections of most facilities in the state housing minor children. (A few facilities are licensed by the Departments of Health or Mental Health and Mental Retardation.) The purpose of these inspections is to renew licenses for 155 child-caring entities—child abuse prevention agencies, group care homes, family boarding homes, runaway houses, maternity homes, residential child-caring agencies, child-placing agencies—and 25 juvenile detention centers and temporary holding facilities. Based on a review of the department's licensure inspection forms, the inspectors appear to use detailed, substantive criteria encompassing a wide range of facility functions. These criteria include legal requirements for licensing, administration, personnel records and policies, physical facilities, and services provided to children and their families. In addition to the licensing inspection, licensure specialists are also responsible for conducting two unannounced inspections of each facility per year.

The Department of Finance and Administration's Office of Program Evaluation monitors all agencies that contract with the Department of Children's Services. These agencies include residential programs (licensed by Children's Services or another department), as well as juvenile court contracts, family preservation and homemaker services programs, day treatment programs, and some independent living and counseling programs. According to the fiscal year 1997-1998 memorandum of understanding between Finance and Administration and Children's Services, Finance and Administration agrees to provide monitoring and evaluation of all the contracts between the Department of Children's Services and identified local agencies. The purpose of Finance and Administration's reviews is to determine the agencies' compliance with contract provisions. The components reviewed include fiscal monitoring issues, scope of services provided, delivery of services to individual clients, safety, staffing patterns and qualifications, personnel training, incident reporting, storage and monitoring of medication dispensed to children, use of restraints, discipline policies, the utilization of subcontractors, and compliance with applicable civil rights laws. Finance and Administration monitors also review client records and interview staff and children to determine how well the contract provider is meeting the child's needs.

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## FINDINGS AND RECOMMENDATIONS

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### **1. Central office management has inadequate information on the Foster Care Program**

#### **Finding**

Central office management does not have sufficient information to ensure the Foster Care Program is operating effectively or to evaluate the performance of field staff. In order to adequately oversee a program, management needs readily available, accurate data. According to the 1992 performance audit of the Department of Human Services, “the central office does not know at any point how many children are in foster care statewide. . . cannot be certain of the location of each foster child [and]. . . does not maintain a useful current listing of available foster home spaces statewide.” Since that audit, the Department of Children’s Services has been given responsibility for the Foster Care Program, and like the Department of Human Services, does not have such data at the central office level because of unreliable and incomplete information in the department’s computer system. The new computer system now being implemented should provide a more accurate database. (See page 8.)

In order to evaluate the effectiveness of a program and its staff, management needs to develop a monitoring system that provides information on staff’s activities, compliance with policies and rules, and program results. According to a finding in the 1992 performance audit of the Department of Human Services, “The central office does not have an adequate system to ensure uniform, quality services in the Foster Care Program.” There is still little central office monitoring of the activities in the regions. The central office’s foster care staff focus on developing policy and providing technical assistance—staff do not make field visits, have no oversight or supervisory responsibilities over local offices, and have developed no performance measures for the program. Monitoring responsibilities have been delegated to the regions. Central office staff, however, had no documentation to determine the extent of monitoring or to ensure that field staff were complying with department policies (e.g., that caseworkers are making required monthly contacts). (See finding 2.)

#### **Recommendation**

The department needs to improve the quality of information available about the Foster Care Program. The central office should monitor the implementation of the department’s new computer system and associated controls to help ensure the system will provide complete and accurate information on children in foster care. In addition, the central office should develop a monitoring and/or reporting system to provide management better assurance that the Foster Care Program is operating effectively and that staff in the regions are complying with policies.

#### **Management’s Comment**

We concur. The Social Services Management System that came to the department from the Department of Human Services was totally inadequate for the tracking of family foster home placements. The development of the TennKids information system should resolve this issue. In the TennKids system, the placement of every child will be easily verified. Each case manager will have desktop access to the TennKids system and will be easily able to keep placement information current in the system. The system will have the ability to report on children assigned to each case manager and missing placement data will be easily identified.

Case work reviews at the regional level will be required. Local supervisors are responsible for regularly reviewing a sample of case files. Monitoring of compliance with supervision standards as detailed in departmental policy is a significant portion of the local monitoring effort.

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**2. Department staff do not always comply with policies requiring monthly visits with foster care children and limiting the number of children per foster home**

**Finding**

The 1992 Department of Human Services performance audit reported that counselors were not making contacts with foster children as often as required and that some foster homes had more than six children. Although the Foster Care Program has since been transferred to the Department of Children's Services, these problems continue.

**Monthly Foster Care Contacts**

Department policy requires counselors to meet face-to-face at least monthly with each child placed in a foster home or (if face-to-face contact is not possible) to telephone the child and document in the case file why there was no monthly visit. However, field staff in several regions across the state indicated that because of the large caseloads, monthly caseworker contacts are not always made. In addition, our limited review of case files revealed little documentation of monthly face-to-face contact. According to policy, the goals for these monthly contacts include (a) facilitating a relationship and ensuring appropriate service provision, (b) assessing the child's adjustment to placement, and (c) identifying problems and determining needed services. Without monthly contact, it may be very difficult for caseworkers to accurately assess the child's situation and needs.

Central office and regional staff both reported that the regional supervisors are responsible for conducting quarterly file reviews to ensure monthly contacts are made. Although staff reported that central office oversight of the file reviews involves an annual monitoring review of each region, these reviews ensure only that caseworkers contact those children who are on probation.

Our review of approximately 30 case files at the Davidson County Department of Children's Services office revealed that few files contained documentation of monthly face-to-

face contact with the foster children. Many contained documentation of sporadic contact (via telephone calls) with the foster parents, but none documented why face-to-face contact was not possible. Caseworker contact was very difficult to track since the documentation often skipped months, leaving gaps in the file. For example, one file documented February, March, May, October, November, and December caseworker visits or contacts for 1996, but made no mention of contacts made in the other six months of 1996. Another file contained documentation of a September visit with the foster child as well as October and January telephone contacts with the foster parent, but no documentation of any other contact. A third file noted face-to-face caseworker contact in March, but no other contact until October, when the foster parent, not the foster child, was contacted by the caseworker. There was no explanation of what happened in the months between March and October.

Some improvement was noted during a subsequent review of a sample of cases opened in the first six months of 1998. All but one of the files reviewed contained documentation of some type of monthly contact. However, in some instances, the contact was by telephone (rather than face-to-face), and there was no explanation why face-to-face contact was not possible.

### **Six-Child Maximum per Foster Home**

Department policy states that each foster home may have no more than six children at one time, including birth, adoptive, and foster children. Department staff commented that some foster homes are exceeding capacity because of the need to place a child immediately, the lack of available foster homes, and the difficulty in getting a “good match” between the child and the foster family. According to department management, the central office does not routinely monitor to ensure that field personnel are not placing more than six children per foster home. Also, the annual monitoring reviews of the regions do not check to ensure the policy is enforced. Instead, the various regions are responsible for monitoring compliance.

According to staff, the number of children per foster home could be tracked and monitored by the central office using ChiPFinS. However, limitations in the computer system have made it difficult to obtain overall information on the number of children per foster home for management’s use. The new computer system is expected to provide more accurate and easily accessible information.

Overloading a foster home could reduce the quality of services delivered to each child because the foster parents must divide their efforts among too many children. The added stress could delay the rehabilitation of a troubled child.

### **Recommendation**

The department’s central office should monitor caseworkers to ensure they are complying with the department’s policy concerning monthly contacts with all children in foster care. The central office should also track the number of children in each foster home to ensure field staff comply with the department’s policy limiting to six the number of children per foster home. The department should investigate any unusually large numbers of children per home for possibilities of fraud, duplicate payments, etc.

## **Management's Comment**

We concur. By October 1997, each of the department's twelve regions had substantially completed its implementation of the new service delivery system. This system included the assignment of residential case managers to each of the department's family foster homes. The residential case manager has primary responsibility for maintaining contact with, and ensuring needed services are provided for, children in family foster homes and maintaining regular contact with the foster parents.

Field staff have been instructed that no home is to maintain more than the allowable six children at any time. Any exception, resulting from the need to keep siblings together, must be approved by central office program operations staff.

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### **3. Neither the department nor the grantees track the effectiveness of some early intervention programs**

#### **Finding**

The department has invested a great deal of money in early intervention programs. However, the department's ability to monitor the effectiveness of these programs (i.e., to determine whether such programs are successful in keeping children from entering or reentering state custody) is limited because, except in the case of the Home Ties program, neither the department nor the programs track program participants. The early intervention programs, also called intervention, prevention, and diversion programs, involve intensive work with high-risk families in an effort to prevent the children from entering state custody. All family members are taught skills to help them function more successfully in their homes and communities. Early intervention programs include activities such as homemaker classes, communication and negotiation training, sex abuse counseling, daycare services, and anger control counseling.

#### **Home Ties**

The largest of the early intervention programs is the Tennessee Homes Ties program, which serves approximately 3,200 families each year. Home Ties is a home-based family preservation program that targets delinquent, unruly, severely emotionally disturbed, and abused or neglected children who are at imminent risk of out-of-home placement. In 1993, the program was expanded to include reunifying families with their children who are in out-of-home placements. The department is required by statute to submit an annual report to the General Assembly on the effectiveness of the Tennessee Home Ties program. The most recent report, which was prepared by the University of Tennessee and covered 1989 through 1995, was published in May 1996. (As of August 1998, no report had been submitted for 1996 or 1997.) Home Ties was established in 1989, and as of June 30, 1995, had served 11,727 families,

including 14,995 children who received prevention or reunification services. The May 1996 report contained the following statistics for the 1994-95 fiscal year:

- The program provided 2,777 families prevention services and 391 families reunification services.
- The program provided 3,591 children prevention services and 473 children reunification services.
- Of the 3,591 children receiving prevention services, referral workers believed that without Home Ties services 44 percent would be placed in a group home, 43 percent in a foster home, 6 percent in a psychiatric facility, and 7 percent in other placements.
- The average cost per child for providing Home Ties services was \$2,025, and the total cost for providing Home Ties services was \$8,228,743.
- For 1992 through 1995, the average cost avoided per child was \$9,092 for prevention services, with a total cost avoidance of \$74,199,894. The average estimated cost avoidance per child was \$11,459 for the reunification services, with a total cost avoidance of \$7,539,818. (These costs reflect the estimated cost of out-of-home placements that would have been necessary without the Home Ties program, based on average lengths of stay and average cost of those out-of-home placements.)
- Eighty-five percent of the children receiving prevention services had no out-of-home placements for one year, 5 percent were placed out-of-home at the end of the Home Ties program, 8 percent were placed within six months after the end of the program, and 2 percent were placed out-of-home between six months and one year after they completed the program.

As of August 1998, the department was in the process of preparing a Home Ties report for fiscal year 1996-1997. Preliminary information compiled for this report indicated that the Home Ties program provided services to 3,181 families during the fiscal year, at an average cost of \$2,116 per child. The estimated net cost avoidance to the state (i.e., by allowing the children served to remain with their families instead of being placed in an out-of-home placement) was over \$26 million.

### **Juvenile Court Programs**

The 26 juvenile court programs, begun in 1993, fall into one of three categories—custody prevention, truancy prevention, or case support. For fiscal year 1998, the state made available nearly \$5.5 million in grants. According to staff, fiscal year 1996-1997 was the first year the department had reviewed grantees' programs. In the past, program administrators were merely asked to submit a narrative report describing the general activities of the program. These programs are now reviewed quarterly, at which time the projected outcomes are compared with the actual progress made. (The individual programs set goals for themselves, and department staff in the central office review those goals.) If problems are noted, department staff attempt to help programs meet their goals. Thus far, no funding has been taken away for failure to meet program goals.

Although the progress reports the grant recipients submit list the overall commitment rate (i.e., of children into state custody) for the county in which the program operates, they do not indicate the number of children served who later enter state custody. Because the individual program participants are not tracked, it is difficult to monitor the effectiveness of the specific programs.

### **Child Abuse Prevention Grants**

In fiscal year 1998, the department provided nearly \$600,000 in state funding to 27 child abuse prevention programs. The programs, created in 1984, include parenting classes, a 24-hour hot-line for parents, early intervention and home-visiting programs for at-risk families with newborns, and other community-based programs. The general goal of the programs is to provide support and education to families in need.

Each child abuse prevention program is asked to submit an outcome-based annual progress report to the department's central office. The programs develop their own goals and objectives each year; however, according to department staff, no action is taken if the goals are not achieved. Moreover, most of the goals are not quantitative and, therefore, are difficult to measure. For example one goal was "100% of the participants will exhibit adequate maternal bonding with the newborn." The progress reports do provide the results of pre- and post-tests given to program participants to indicate whether the program was successful in adding to participants' knowledge of relevant issues. However, because the parents served by the programs are not tracked, there is no way to determine whether the programs are effectively preventing child abuse. For example, some programs had a stated goal of "no reports of child abuse/neglect," but because of the lack of tracking, it is impossible to know whether the goal was achieved.

### **Recommendation**

The department should annually provide the General Assembly with a report on the Home Ties program's effectiveness, as required by law. The department may also wish to consider including in this annual report information on the activities and effectiveness of the other early intervention programs.

The department should (1) work with early intervention programs to set effectiveness goals, (2) establish a series of actions to take if goals are not met, (3) require each program to submit reports detailing the program's effectiveness in keeping children from entering state custody, and (4) monitor effectiveness and take action as needed. The department should consider reducing or discontinuing funding for programs that repeatedly fail to meet goals.

The department should use its new computer system (see page 8) to track participants in early intervention programs to determine whether the programs are preventing children from entering state custody.

## **Management's Comment**

We concur in part. The department did submit a report for fiscal year 1996/1997 for the Home Ties intensive family preservation service. The department will continue to provide the General Assembly with a report on this service in keeping with the requirements of law.

Effective October 1, 1998, the department established Non-Residential Network contracts to replace the majority of the current early intervention and diversion contracts in six regions of the state. These contracts are for a comprehensive array of intervention and diversion services aimed at meeting the needs of children and youth and their families that come to the attention of the department and/or the community services agencies (CSAs). The contracts are performance-based. The contractor must achieve specific goals to receive the compensation available through the contract and can be placed on probation or have the contract terminated if performance does not meet the minimum requirements set forth in the contract. The contractor will also provide a monthly and an annual report to the CSA, Children's Services regional administrators in the regions where the services are being provided, and Children's Services' Office of Planning and Research. Planning and Research will perform an analysis of the effectiveness of the services provided in that region.

For those early intervention contract services that are not included in the non-residential network, the department is developing a gate-keeping function. This will enable the department to authorize services for and track all children and families served. It will also allow Children's Services to determine the effectiveness of these programs in reducing the number of children in state custody. This gate-keeping function and process will be finalized and operational by January 1999. The tracking of all participants in the non-residential network and other early intervention contracts, for the purpose of determining whether the programs are preventing children from entering state custody, will be implemented in the development of the TennKids computer system.

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#### **4. The department lacks formal, consolidated guidelines and procedures for dealing with wraparound funds**

##### **Finding**

There are few department policies or procedures, no statutes, and no grant guidelines describing allowable and nonallowable expenditures from wraparound funds. Thus far, guidance has been provided sporadically, in the form of memoranda developed to deal with specific problems. Without formal comprehensive guidelines and procedures, field staff may have difficulty determining what is an appropriate expenditure.

The term "wraparound funds" refers to money spent through preventive programs, adoption assistance, and assistance on behalf of children and their families, in custody or at risk of coming into custody. Purchases of services or goods are to be used to keep the family

together by improving conditions at home or to improve the self-esteem of a child. According to program managers within the department's central office, wraparound money is to be used for four purposes: (1) to provide services as part of an adoption assistance agreement (e.g., to encourage adoption of special needs children, some of whom may have a lifelong medical need), (2) to purchase clothing for a child upon initial entry into custody or in an emergency situation such as a runaway, (3) to pay for travel by foster parents on behalf of the foster child, and (4) to pay for miscellaneous expenses for the child. Expenditures from wraparound funds were \$5.2 million in fiscal year 1996, \$1.9 million in fiscal year 1997, and \$1.67 million in fiscal year 1998. (After 1996, some expenditures were moved from the wraparound funds category into the flexible funds category.)

Office of Children's Services Administration management apparently recognized problems with wraparound funds as early as 1995. Management requested that Fiscal Services staff prepare a summary report of expenditures made during November 1995. Concerns raised by this report (e.g., wide ranges in hourly/daily payments for certain types of respite care) led to the preparation of several memoranda detailing certain types of expenditures that would not be allowed, setting new limits on other types of expenditures (e.g., clothing and travel), and describing procedures for processing wraparound fund claims. In conjunction with these memoranda, Children's Services staff developed a new claim form (effective April 1997), which includes a list of procedures codes (e.g., respite care, counseling, self-esteem activities, and home repairs) describing the types of services for which reimbursement may be claimed under the wraparound program.

It appears that the department is taking steps to provide field staff some guidelines and procedures for expenditures of wraparound funds and for processing of claims. However, because of past problems and the wide range of possible expenditures, it appears that more formal, comprehensive guidance may be needed to help ensure the expenditures are for items that are truly needed and will truly benefit the children and their families.

### **Recommendation**

The Department of Children's Services should prepare and implement more comprehensive policies and guidelines on how case managers in the field can use wraparound funds. Guidelines need to detail the types of expenditures allowed (and not allowed), the monetary limits of those expenditures, if applicable, and the process for management's review/monitoring of fund expenditures.

## **Management's Comment**

We concur. The Director of Fiscal Services will prepare a summary of the major types of expenses that are now paid with wraparound funds, the dollar limits associated with those expenses, and the required approvals for submitting the claims for payment. This information will be shared with program, budget, and management staff to develop a comprehensive policy on wraparound funding. When the wraparound policy is formalized, specific guidelines can be prepared detailing the types of expenditures allowed/not allowed, the monetary limits of those expenditures when appropriate, and the required approvals for submitting claims for payment. Those guidelines will be shared with all pertinent staff. These activities will take place during fiscal year 1998-1999.

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### **5. The Division of Internal Audit had insufficient staff to perform needed reviews of the department's facilities and programs**

#### **Finding**

The Department of Children's Services has not had sufficient internal audit staff to adequately audit a department with 3,000 employees stationed throughout the state. From July 1996 (when the department was created) to August 1997, the department had only one internal auditor.

The Division of Internal Audit performs two major types of reviews—financial and compliance and mock accreditation. There are two types of financial and compliance reviews: (1) the annual review, which evaluates a facility's compliance with departmental policies and procedures but does not seek to evaluate the effectiveness of programs within each facility and (2) the internal audit, which is primarily concerned with inventory accounting for property, equipment, and various funds (such as student trust funds) within a youth development center or a community residential facility. The mock accreditation review involves a series of activities undertaken in preparation for a visit from the American Correctional Association (ACA), which reviews department facilities every three years to determine whether they meet the association's accreditation standards.

During fiscal year 1997, the Division of Internal Audit conducted thirty reviews covering the four youth development centers, eleven of the fifteen community residential facilities, and six of the twelve probation offices. These reviews were completed with the assistance of staff from other divisions within the department. These staff were not necessarily auditors or accountants; however, as specialists in their respective fields, they were trained to review the program components to which they were assigned. In addition, the central office and eight community residential facilities received ACA reviews.

**Types of Reviews Performed  
By Facility Type  
Fiscal Year 1996-97**

<u>Review Type</u>	<u>Youth Development Center</u>	<u>Community Residential Facility</u>	<u>Regional Probation Office</u>
Annual	4	6	6
Internal	5*	5	0
Mock	0	4	0
Total	9	15	6

\* Wilder Youth Development Center received two internal audits during fiscal year 1996-97.

The department hired an Internal Audit Director in August 1997 and a Correction Program Manager by April 1998. Two Auditor IIIs and an Auditor II were hired after April 15, 1998. During fiscal year 1998, the Division of Internal Audit's activities included the following:

Six mock reviews	A year-end inventory review
Six internal audits	An analysis of ChiPFinS
Ten annual reviews	A computer inventory
Five investigations	A Child Protective Services review

The department is to be commended for its auditing efforts thus far. However, the Division of Internal Audit has been unable to perform regular audits or reviews of many important department activities, such as wraparound funding, contract monitoring, and programs serving special populations. In addition, the division has not performed program evaluations or performance audits of the department's facilities and programs. Because of the large number of children and significant dollar amounts involved, and because of the importance of ensuring children in state custody are protected and receive quality services, it is vital that the division have sufficient staff to perform comprehensive reviews.

**Recommendation**

The Division of Internal Audit, in consultation with department management, should strive to expand its schedule (and staff, as needed) to include performance audits of each youth development center and community residential facility. Also, the department should conduct periodic financial and performance audits/reviews of department activities and programs, such as the wraparound funds, volunteer services, contract monitoring, and field services areas.

## **Management's Comment**

We concur. The Internal Audit staff has been expanded but still has been unable to fill the Auditor III position in East Tennessee. Numerous registers have been obtained and letters sent in an effort to fill this vacant position. Since filling three positions and obtaining a director, the Internal Audit division has significantly expanded its responsibilities beyond just audits of the juvenile justice institutions and community residential facilities. The division has implemented controls over the processing of claims by vendors, conducted investigations, consulted in the development of the TennKids child welfare system, analyzed the contracted services provided by the University of Tennessee for Child Protective Services, and performed other diverse duties. The department will continue to make every effort to fill the remaining vacant positions, allowing the Internal Audit division to further expand the scope of its duties.

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### **6. A joint effort is needed to ensure sufficient monitoring of all contract agencies' in-house schools**

#### **Finding**

The Departments of Children's Services, Education, and Finance and Administration all have some responsibilities related to the in-house schools of agencies that contract with the state to serve children in state custody. Eighty of the agencies the Department of Children's Services contracts with have in-house schools and educational programs which are approved annually by the Department of Education and monitored by the Department of Finance and Administration's Office of Program Evaluation. However, it is not clear whether all major aspects of every contract agency's educational programs are evaluated, particularly the quality of the educational services provided. A joint effort among the three departments is necessary to ensure that all contract agencies' in-house schools meet certain requirements and that the children attending those schools receive adequate educational services.

Staff in the Department of Education's Office of School Approval review the in-house school programs as part of the annual school-approval process. However, the review apparently is limited to determining whether teachers are appropriately certified and whether the required subjects are taught. Department staff were unable to locate the approval files for auditor review.

The Department of Finance and Administration's Office of Program Evaluation (OPE) is responsible for monitoring contract agencies to ensure that those agencies' services meet contract requirements. Auditors' review of OPE's evaluations of in-house schools indicated varying levels of review. For some schools, evaluators documented only whether non-hospitalized children were enrolled in school and whether the Department of Education had approved the in-house school, although the reports stated that the evaluations included tours of the schools, classroom observations, and staff interviews. Generally, no deficiencies were noted. For other in-house schools (all operated under one contract), the evaluations were more extensive and

more quality focused. These files contained the evaluators' notes on classroom observations, interviews with teachers, curricula, and student-to-teacher ratios.

The Department of Children's Services has no direct responsibility for monitoring the contract agencies' in-house schools, although it has ultimate responsibility for the children in state custody who attend those schools. The department's Education Services section has oversight responsibilities for the schools the department operates (e.g., those in youth development centers and group homes), but not the 80 contract schools. In an effort to improve monitoring and the quality of contract agencies' educational services, Education Services staff met with Office of Program Evaluation evaluators, participated in some evaluations, and provided OPE with an evaluation checklist of education-related areas. In addition, Education Services staff have coordinated with the Department of Education to develop a self-monitoring instrument for special education programs in contract agencies' schools.

### **Recommendation**

The department should initiate a joint effort with the Department of Finance and Administration's Office of Program Evaluation and the Department of Education to ensure all major aspects of the contract agencies' education programs are evaluated, particularly the quality of the educational services provided.

### **Management's Comment**

We concur. Even though the finding states that "The Department of Children's Services has no direct responsibility for monitoring the contract agencies' in-house schools", the department provided Finance and Administration's Office of Program Evaluation (OPE) with an evaluation checklist for use in education-related areas in an effort to facilitate a more thorough review. This checklist had been provided prior to the audit and was confirmed by the auditors in conversations with OPE. That checklist had been discarded by OPE and another substituted for use on educational reviews. Children's Services had not been informed of the substitution. We will continue to work closely with the Departments of Education and Finance and Administration for the adequate monitoring of these facilities.

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## **7. Unfilled security positions at department facilities result in overtime and, in some cases, the use of less-trained contract personnel**

### **Finding**

The security staff at the department's youth development centers and group homes consists of youth service officers (YSOs). Because of the high numbers of vacant full-time YSO positions, these facilities have relied heavily on overtime, which at some level could increase

payroll costs and hinder staff's effectiveness. To reduce overtime and fill gaps in staffing, the department contracts with part-time security personnel at some facilities. However, as first noted in the September 1995 performance audit of the Department of Youth Development, the use of contract security staff raises several concerns. First, contract staff tend to be less experienced and more transient. Second, despite the advantages of lower salaries and no fringe benefits for contract security officers, these part-time staff receive only one-fourth as many hours of training as full-time staff, even though they are authorized to perform the same tasks as full-time staff.

### **Vacancies and Use of Overtime**

The four youth development centers had eleven YSO vacancies and the group homes had two as of January 1998. (The development centers have 247 YSO positions; the group homes have 91.) Department staff cited the high turnover rate among YSOs in the youth development centers and the lack of qualified applicants willing to accept YSO positions as major reasons for the facilities' continued reliance on large amounts of security staff overtime. At Mountain View Youth Development Center, overtime costs incurred during fiscal year 1997 amounted to \$255,928 for 20,822 hours of overtime. Overtime costs at Woodland Hills Youth Development Center amounted to \$328,981 for 21,244 hours.

Department staff cited the low pay, irregular hours, and the hazards of the YSO position as contributing to the high turnover. The YSOs are continually subjected to potential bodily harm, as reflected by the total number of incidents at each youth development center during calendar year 1997. These incidents included assaults on students and staff, escapes and attempted escapes, attempted suicides, incidents requiring transport to a medical or mental health facility, and fighting.

### **Incidents at Youth Development Centers Calendar Year 1997**

<u>Facility</u>	<u>Total Incidents</u>	<u>Staff Involved</u>	<u>Students Involved</u>
Mountain View	125	35	142
Taft	182	12	227
Wilder	59	13	51
Woodland Hills	<u>162</u>	<u>19</u>	<u>154</u>
Total	528	79	574

Source: Tennessee Department of Children's Services, Summary Incident Report, By Institution and Incident Type, January 1, 1997–December 31, 1997.

Because of the potential for problems, youth housed in the development centers must be supervised 24 hours per day. However, one method used by the Mountain View facility has apparently helped reduce overtime costs—altering the three-shift schedule so that one shift coincides with the hours when the youth are in bed, necessitating far fewer security personnel.

## **Use of Contract Staff**

Fourteen of the fifteen group homes and the Woodland Hills Youth Development Center used part-time contract staff to compensate for a shortage of full-time security personnel. (The other three youth development centers employ contract personnel only for non-security positions.) During fiscal year 1996-97, Woodland Hills employed six contract YSOs, approximating five full-time positions.

The department does not require the same number of hours of training for its contracted security officers as for its full-time YSOs. According to department staff, contract security personnel are required to receive training similar in content to YSOs. However, contract staff receive only 32 hours of training at the Tennessee Corrections Academy, whereas full-time YSOs receive 120 hours. Although the 32 hours of training for contract staff is apparently acceptable under American Correctional Association standards, the disparity in the number of training hours may not be in the best interests of the department or the youth in custody. Expanding training hours for contract staff for even one more week would enable them to receive additional hours of training on topics such as supervision of juveniles, security procedures, use of force regulations and tactics, and first aid/CPR.

## **Recommendation**

The department should reevaluate its processes for recruiting and retaining security staff and (where possible) make changes to decrease vacancies.

The department should review the use of overtime at individual facilities and for individual employees. The department should (1) ensure overtime is allocated among employees so that productivity and effectiveness are not affected, (2) consider alternate shifts or schedules to decrease the need for overtime, and (3) ensure appropriate reviews and approvals are in place to identify any employee abuse of overtime.

The department should consider providing contract security staff (particularly those working at a youth development center) additional hours of the security-related training given to full-time youth service officers.

## **Management's Comment**

We concur. Even with "low pay, irregular hours, and the hazards of the YSO position," as stated by the finding, the department has tried to recruit staff by sending recruiters to area colleges, sending managers to other state facilities undergoing reduction-in-force actions, and using the department's Personnel Division to encourage employees who were part of the reduction-in-force to get on state employment registers.

The department is presently monitoring the use of overtime according to three recommendations suggested by the Comptroller's Office. The use of overlaps has been

authorized by the Department of Personnel so that staff can be hired and trained prior to positions becoming available and to reduce turnover and overtime.

Since contracted youth service officers perform their duties for the department in addition to other jobs they hold outside the Department of Children's Services, training for these individuals must coordinate with their other schedules. The department will look at alternative methods for providing regular additional on-site training of contract staff to address this problem.

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## RECOMMENDATIONS

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### ADMINISTRATIVE

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

1. The department needs to improve the quality of information available about the Foster Care Program. The central office should monitor the implementation of the department's new computer system and associated controls to help ensure the system will provide complete and accurate information on children in foster care. In addition, the central office should develop a monitoring and/or reporting system to provide management better assurance that the Foster Care Program is operating effectively and that staff in the regions are complying with policies.
2. The department's central office should monitor caseworkers to ensure they are complying with the department's policy concerning monthly contacts with all children in foster care. The central office should also track the number of children in each foster home to ensure field staff comply with the department's policy limiting to six the number of children per foster home. The department should investigate any unusually large numbers of children per home for possibilities of fraud, duplicate payments, etc.
3. The department should annually provide the General Assembly with a report on the Home Ties program's effectiveness, as required by law. The department may also wish to consider including in this report information on the activities and effectiveness of the other early intervention programs.
4. The department should (1) work with early intervention programs to set effectiveness goals, (2) establish a series of actions to take if goals are not met, (3) require each program to submit reports detailing the program's effectiveness in keeping children from entering state custody, and (4) monitor effectiveness and take action as needed. The department should consider reducing or discontinuing funding for programs that repeatedly fail to meet goals.
5. The department should use its new computer system (see page 8) to track participants in early intervention programs to determine whether the programs are preventing children from entering state custody.
6. The department should prepare and implement more comprehensive policies and guidelines on how case managers in the field can use wraparound funds. Guidelines need to detail the types of expenditures allowed (and not allowed), the monetary limits of those expenditures, if applicable, and the process for management's review/monitoring of fund expenditures.

7. The Division of Internal Audit, in consultation with department management, should strive to expand its schedule (and staff, as needed) to include performance audits of each youth development center and community residential facility. Also, the department should conduct periodic financial and performance audits/reviews of department activities and programs, such as the wraparound funds, volunteer services, contract monitoring, and field services areas.
8. The department should initiate a joint effort with the Department of Finance and Administration's Office of Program Evaluation and the Department of Education to ensure all major aspects of the contract agencies' education programs are evaluated, particularly the quality of the educational services provided.
9. The department should reevaluate its processes for recruiting and retaining security staff and (where possible) make changes to decrease vacancies.
10. The department should review the use of overtime at individual facilities and for individual employees. The department should (1) ensure overtime is allocated among employees so that productivity and effectiveness are not affected; (2) consider alternate shifts or schedules to decrease the need for overtime; and (3) ensure appropriate reviews and approvals are in place to identify any employee abuse of overtime.
11. The department should consider providing contract security staff (particularly those working at a youth development center) additional hours of the security-related training given to full-time youth service officers.

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## APPENDIX

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### **Information on the Department's Continuum of Care Program**

According to information the department submitted to the General Assembly in October 1996, the continuum of care concept is unique in several ways:

- It provides the contractor with a daily rate for each child placed in the Continuum of Care Program. The child enters the contractor's program as a Level II or Level III referral. The contractor then provides the services the child and family need, moving the child into less restrictive and more home-based placements or services as soon as possible. The daily rate paid to the contractor remains the same throughout the service episode regardless of the level(s) of the continuum through which the child progresses.
- The contractor is responsible for developing or arranging an array of services or placements a child/family may need as the child progresses through the system. These services/placement must minimally include the following: Level III and/or Level II residential or therapeutic foster care services, Level I group home or low-intensity foster care, family services, and home-based services.
- The contractor must agree to provide or arrange the home-based services needed by the child and family within the per diem rate reimbursed to the contractor. With the approval of the state, the contractor may subcontract for services not readily accessible within the contractor's own continuum. (Note: For TennCare-eligible children, the contractor is required to secure medical, mental health, and substance abuse services through TennCare and TennCare Partners programs.)
- New home or community-based services developed by the contractor as a requirement of the continuum for the child and family must be provided within the per diem rate reimbursed to the contractor. All home/community-based models created by the contractor must be approved by the state and contain minimal requirements.
- The contractor must agree to admit into the Continuum of Care Program, each month, at least the minimum number of children specified in the continuum of care contract. The continuum of care contract is designed to ensure more children/families are served by requiring progress for the children as they move through the continuum, overall decreasing lengths of stay and increasing successful outcomes. The contractor will receive a monthly maximum liability total. If children do not successfully move through the continuum, the contractor will, in essence, be required to serve more children/families at the same amount of money because of contract conditions which require the contractor to accept an average number of new referrals each month.

- The contractor must agree to be responsible for ensuring a satisfactory permanent placement for each child served. Whenever possible, the provider shall strive to reunite the child with his parent(s) or legal guardian(s). When reunification is not possible, the contractor must arrange for an alternative permanent placement.
- The contractor must agree to provide home-based reunification and support services to children who are reunited with their families or otherwise achieve permanence. If the reunification is unsuccessful (the child and family do not obtain nine consecutive months of reunification), the contractor must agree to place the child and family back into the continuum, providing them appropriate services and again working toward reunification or permanency. No child shall be deemed to have successfully completed the continuum of care program until the child has been successfully reunited with his or her family or achieves a permanent placement for at least nine consecutive months.
- The contractor will be expected to provide services which will result in a decrease in the out-of-home average length of stay for children placed in the continuum program. The contractor must further agree to conduct and submit outcome research, as requested by the state, and attend regularly scheduled meetings conducted for continuum of care providers.
- The contractor shall confirm for the state a child's success in his or her permanency placement for at least nine consecutive months.
- The contractor will be expected to achieve an 80 percent success rate for all children/families served in the continuum ("program success" shall be minimally defined as successful reunification with family or other "permanent" living situation for at least nine consecutive months).