



Additional Improvements Are Needed as DCF Redesigns Its Lead Agency Oversight Systems

at a glance

To address problems in its system for monitoring child welfare lead agencies, the department is proposing to redesign many of its oversight processes. While some of these changes are promising, additional steps will be needed to resolve critical weaknesses in the department's oversight of community-based lead agencies and the subcontractors that provide direct child protective services. Specifically, the department needs to

- establish a strong training program for its contract monitoring staff;
- successfully implement the long-delayed HomeSafenet information system and a lead agency viability monitoring system;
- develop additional ways to ensure that lead agencies comply with contract provisions;
- develop a certification process to ensure that lead agencies are willing and have the capability to assume additional quality assurance responsibilities; and
- provide additional written guidance and training to department zone and lead agency quality assurance staff to assist with the planned transfer of additional quality assurance responsibilities to lead agencies.

Scope

The 2005 Legislature directed OPPAGA and the Auditor General to review the status of the transition to community-based care, including the processes the Department of Children and Families uses to hold community-based care lead agencies accountable and monitor their ongoing viability.¹

Background

The 1998 Legislature directed the Department of Children and Families to contract with community-based lead agencies to provide child protective services including family preservation, emergency shelter, foster care, and adoption services.² Under community-based care, the Legislature has shifted the department's role from primary provider of services to purchaser of services.

The transition to community-based care is complete. As of April 2005, the department had entered into 22 services contracts with 20 lead agencies that provide child protective services in the state's 67 counties (see Appendix A). The lead agencies in turn generally subcontract with a wide

¹ An upcoming OPPAGA report will evaluate the performance of the community-based care system in comparison to program performance when the Department of Children and Families provided these services.

² Lead agencies are private, community-based agencies or county governments responsible for planning, administering, and delivering client services; ensuring that services are delivered in accordance with state and federal laws; and coordinating with other local public or private agencies that offer services for clients.

range of providers for direct care services including case management, foster care placement, and substance abuse and mental health services. As of December 2005, lead agencies had 500 subcontracts, including 64 subcontracts with case management organizations.³

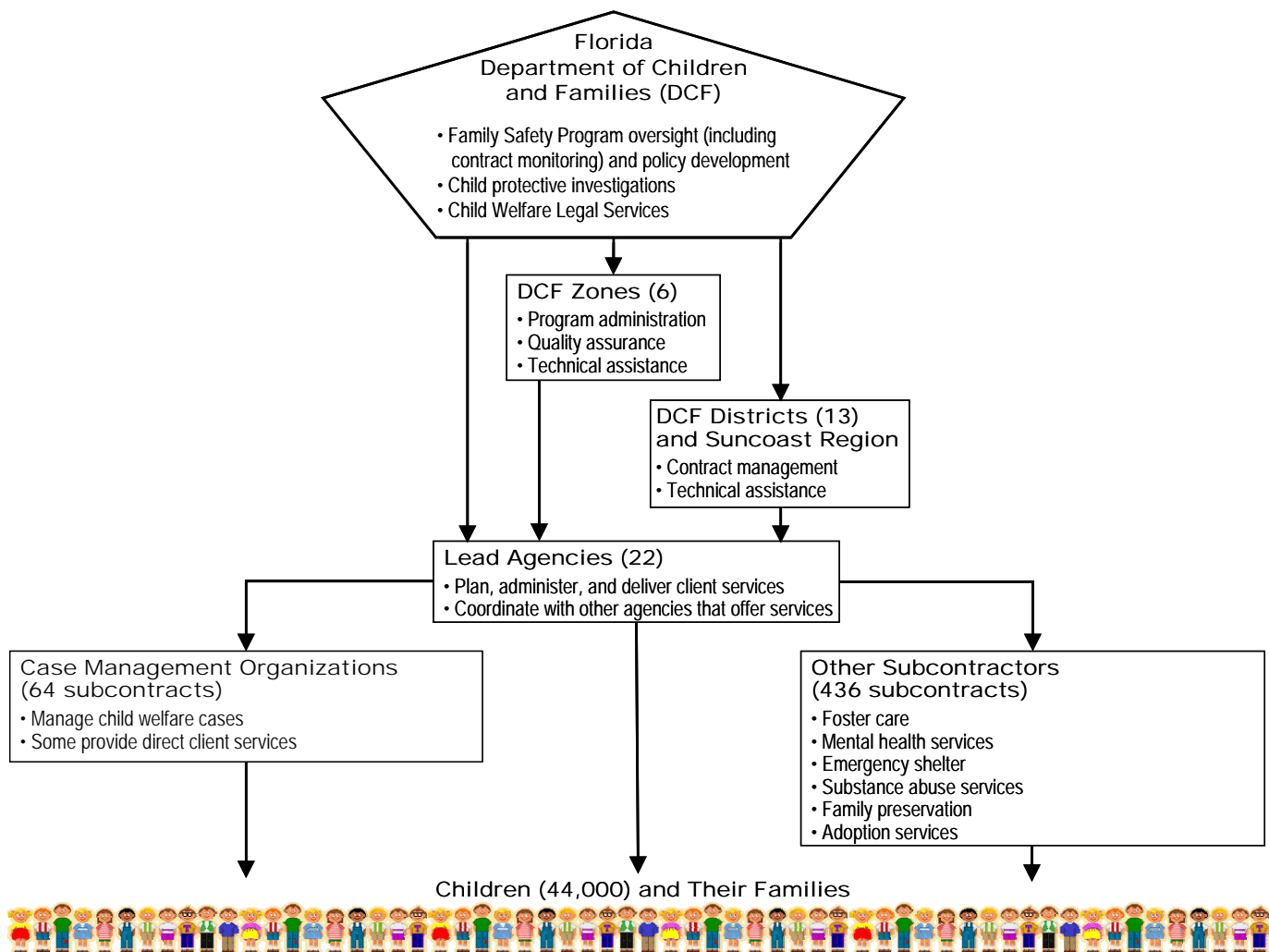
Exhibit 1 shows the highly decentralized and outsourced structure of Florida’s current child welfare system. In such a system, it is essential for the department to have effective management and oversight processes to ensure that dependent children receive effective services and funds are appropriately used.

The department’s current system for monitoring the lead agencies has three interrelated components:

- contract management,
- contract monitoring, and
- quality assurance reviews.

³ The number of lead agency subcontracts does not include rate agreements. Rate agreements are contracts that provide for a unit of service and a unit cost but do not specify the quantity to be purchased. Such contracts are typically for individualized services, yet may exceed \$1 million.

Exhibit 1
The Community-Based Care System Has Several Layers Between Department Administration and Direct Care Services to Children and Families



Source: OPPAGA analysis, Department of Children and Families, and lead agencies.

Contract management provides day-to-day oversight of contract deliverables and invoices. These functions are performed by contract managers located in the department's 13 districts and one region. Contract managers report to the district administrator and are the primary contact for information transmitted between the department and the lead agencies. Contract managers also are responsible for evaluating lead agency performance. Due to this ongoing contact with providers, contract managers play a key role in detecting lead agency problems.

Contract monitoring provides an annual evaluation of lead agencies' compliance with contract requirements. This includes assessing whether lead agencies maintain appropriate accounting procedures and verifying that purchased services are provided. Contract monitoring employees also work with contract managers to determine whether lead agencies meet performance standards, provide the necessary child protective services with appropriate staff, and correct deficiencies found during prior reviews. The department's contract monitoring units are located in seven areas: Tallahassee, Jacksonville, Orlando, Tampa, Fort Lauderdale, West Palm Beach, and Miami.

Quality assurance reviews provide the department and lead agencies with information about the quality of services being provided to children and their families. These reviews are intended to determine whether casework services are comprehensive and thorough. The reviews also determine if clients receive services that best meet their needs and if caseworkers' decisions are in the clients' best interests.

The department currently uses a three-tiered process for quality assurance in which the central office, zone offices, and lead agencies each have responsibilities. Tier 1 quality assurance is conducted by lead agencies, which are required to monitor their direct service units to assess direct service delivery. Tier 2 quality assurance is conducted by department zone employees, who are required to monitor lead agencies every six months through peer reviews of case files and stakeholder interviews. Tier 3 quality assurance is conducted by the department's central office, which is responsible for validating district monitoring activities and identifying best

practices, providing technical assistance, and reviewing compliance with federal requirements.

Resources. For Fiscal Year 2005-06, the Legislature appropriated \$864 million of which 51% is from federal funds and 49% is from state funds (primarily general revenue). The department's contracts with lead agencies total approximately \$625.4 million. The department retains the remainder of the appropriation for program-related functions such as child protective investigations and child welfare legal services. The department also provides policy development and program oversight with a separate management budget. Lead agencies served approximately 44,000 children as of June 30, 2005.

Findings

Although the Department of Children and Families no longer directly provides child protective services to dependent youth, the state retains custody of these children and remains responsible for the services they are provided. Accordingly, it is critical that the department have an effective system to monitor the community-based providers that are serving these children.

Even though the transition to community-based care has been underway for seven years, the department continues to lack sufficient processes and systems to effectively oversee the community-based care system. The department is working on plans to address these deficiencies by providing additional training and technical assistance to its contract managers, outsourcing fiscal monitoring, and redesigning its quality assurance processes. However, additional steps will be needed to address critical weaknesses in the oversight system for lead agencies. Specifically, the department needs to

- strengthen training for its contract monitoring staff, who have experienced high turnover;
- resolve longstanding delays in implementing its HomeSafenet information system;
- develop an effective system to monitor the ongoing viability of lead agencies;
- ensure that staff perform contract monitoring of all lead agencies in a timely manner;

- ensure that lead agencies adequately monitor and conduct quality assurance reviews of their subcontractors;
- develop additional means to address lead agency failure to abide by contract requirements;
- better define the tasks that its outsourced fiscal monitors are to perform when reviewing lead agencies; and
- ensure that the lead agencies are willing and have the capability to fulfill additional quality assurance responsibilities.

Until these weaknesses are resolved, the department will be hindered in its ability to ensure that community-based care contractors are providing effective and efficient services for Florida’s dependent children.

Although the department is improving training for contract managers, it needs to strengthen training for contract monitors

Contract monitoring is an essential component of the department’s oversight of lead agencies and requires staff to have a high level of skills and expertise. Contract monitors have a key role in overseeing lead agency performance and identifying areas of noncompliance and related problems. Contract monitors need to have expertise in the design and operation of the community-based care system, as well as the state and federal program requirements governing the system. Developing and maintaining this staff expertise has been complicated by repeated reorganizations and substantial staff turnover. The department is taking steps to improve training opportunities and develop technical assistance for its contract managers, but needs to do so for its contract monitoring staff as well.

The department needs to develop a strong training program for contract monitoring staff. The expertise level of the department’s monitoring staff has been affected adversely by reorganizations of this function. In the past year the department has moved responsibility for contract monitoring twice. Prior to March 2005, contract monitoring was assigned to the department’s 13 districts and one region. The department then transferred this function to its inspector general’s office, which has seven field units. In October 2005, the department again

transferred this function to a new Quality Management Unit assigned to its central office.

These reorganizations resulted in a high vacancy rate of experienced monitoring staff. For example, three of the six contract monitors who were initially assigned to Districts 1 and 2 declined to transfer to the new Tallahassee office. Department managers stated that these transfers resulted in a loss of 24 experienced contract monitoring staff statewide, out of 68 total positions (35%).

To address this loss of expertise and provide its contract monitoring staff with the knowledge and skills needed to effectively oversee the community-based providers, the department needs to develop a strong training program for these staff. This training should cover the contracting process, the community-based care system, state and federal requirements, and effective monitoring practices. It also will be important for this training to cover the role of these staff in the department’s overall contract management, monitoring, and quality assurance system, including how contract monitoring staff should interact with contract managers and quality assurance staff.

The department is implementing changes to provide more technical assistance and training for its contract management staff. The department is taking steps to address a similar weakness for its contract managers. Until recently, the department’s contract managers lacked training on key activities such as processing lead agencies’ invoices as well as general accounting principles. They also lacked training specific to community-based care contracts, such as what levels of documentation lead agencies were to maintain, and how to analyze lead agency budgets, general ledgers, and spending plans. The staff also needed training to clarify their role in monitoring lead agency subcontractors as well as changes in program and contract requirements; Florida statutes; and department rules, policies, and procedures.

To address this problem, the department has developed a new training program for its contract managers. The central office’s Office of Contracted Client Services has established this program based on training needs identified by these staff. The department is holding two-day

training sessions, which are taught by subject matter experts. The department held the first training session in May 2005 and a second training session in December 2005, and is planning to hold quarterly training in the future. In addition, the office created a training curriculum on the department's overall contracting process and will offer this training to contract manager supervisory staff in January 2006.

The department also plans to establish contract resource teams to provide ongoing technical assistance and training to contract managers. Contract resource teams will be located in each zone and staffed with a contract procurement and negotiation specialist, financial specialist, and performance and training specialist. The department is currently attempting to locate inter-departmental resources to fund 20 contract resource team positions. The department does not have a timeframe for implementing the contract resource teams due to current position vacancies.

The department should develop a similar training program for its contract monitoring staff.

The department's oversight efforts continue to be hindered by delays in implementing its HomeSafenet information system

Although the department has been implementing HomeSafenet for several years, the data system is not yet able to provide the department and lead agencies with critical child welfare information. The department is in the process of selecting a vendor to complete the project, but it likely will be several years before the data system is finished and fully operational. Until this occurs, the department and lead agencies will lack key information needed to effectively manage and monitor the outsourced child protection system.

HomeSafenet is intended to automate many child welfare functions through standardized data collection and case management tools. The system also is intended to provide child protective investigators, case managers, and program management with on-line real-time information on the progress and characteristics of each case. In addition, the system is intended to improve case management, case planning, and financial processing.

The department has spent over 10 years and \$181 million planning, developing, and maintaining the HomeSafenet system. The department began initial development in the early 1990s and obtained federal approval in Fiscal Year 1993-94. However, the department experienced several delays during the system's planning phase, which delayed the implementation start date until November 2000.

Although several components of HomeSafenet are operational, department and lead agency oversight efforts will continue to be hindered until critical system components are completed. The current system has basic case management reporting functions, and provides data for federal reporting purposes, Child Safety Assessment information, and Hotline intake records. However, the system is approximately only 20% complete with several key components yet to be developed, including the planned financial and case management modules, which are essential for efficient oversight of lead agencies. For example, until the financial module is implemented, the department will rely on two separate automated accounting systems to track and manage financial transactions. One of these systems is antiquated and has been implemented inconsistently by districts. Moreover, because HomeSafenet has not been fully operational, lead agencies developed their own accounting systems for financial management.

In the absence of the planned case management module, department and lead agency program supervisors do not have information accessible on a daily basis that tells them whether case managers are developing effective case plans or referring families to appropriate services. The department also lacks access to key information such as the caseloads of the child welfare staff employed by the lead agencies and their subcontractors, whether families have substance abuse problems, and foster home capacity.

The department is in the process of selecting a vendor to complete the project. In June 2004, the department had selected a contractor who would have been required to complete HomeSafenet by December 2005. However, subsequent to a vendor protest, the department re-bid the contract. The department expected to award the new contract by January 3, 2006, and anticipates a contract start date of February 1, 2006. The contract will span five

years and includes maintenance once the system is developed. The completion date for HomeSafenet is still uncertain because the department will use the contract to establish deliverable due dates for major components of the system.

The department needs to develop an effective system to monitor the viability of lead agencies

Lead agencies are key entities in the community-based care system and are responsible for managing child welfare services in their areas. It is essential that the department have an effective process for monitoring whether the lead agencies are appropriately functioning and continuing to be financially sound. To date, two lead agencies have encountered serious financial problems that led to these entities discontinuing their contracts, which required the department to transfer program services to other entities, creating the risk of service disruptions.

As noted in prior OPPAGA reports, the department has lacked an effective method for monitoring the ongoing viability of lead agencies, which is important for early identification and resolution of problems.⁴ In our September 2004 report, we recommended that the department implement a centralized, coordinated process for evaluating lead agency viability and develop criteria for determining when fiscal, administrative, and/or performance problems warrant further review. This process should include a standardized system to collect and analyze fiscal, administrative, and performance data from each lead agency. Our report provided a list of 31 factors that influence lead agency viability that we recommended the department consider when developing measures and benchmarks for monitoring lead agency performance.

The department has developed but has not yet implemented a viability assessment system. The department contracted with a state university to develop viability assessment procedures and tools and received these products in June 2005. The department has not yet established a timeline to implement the system.

⁴ *Special Report: DCF Improves Readiness Assessment Process; However, Additional Changes Are Needed*, OPPAGA [Report No. 04-65](#), September 2004; *Child Welfare Transition Nearly Complete; Budget Allocation and Oversight Systems Need Strengthening*, OPPAGA [Report No. 05-12](#).

Department staff have not consistently monitored lead agency contracts in a timely manner

Although department procedures require that lead agencies should receive annual contract monitoring reviews, two lead agencies were not monitored for Fiscal Year 2004-05. Further, many of the reviews that were conducted were not issued in a timely manner. These problems arose largely due to reorganizations of the contract monitoring function. The department is developing plans to improve the timeliness of these activities.

During contract monitoring reviews, department staff examine lead agency activities to determine if they have met contract requirements during the fiscal year, and these reviews may be conducted after the fiscal year has ended. For Fiscal Year 2004-05, 19 lead agencies were operational and thus should have received contract monitoring reviews for their activities during that year.⁵

However, the department completed annual contract monitoring for only 17 of these lead agencies. Seven of these reviews were conducted by the Contract Performance Unit between November 2004 and March 2005 when this unit was still responsible for this function. Ten additional lead agencies were monitored during the seven months the function was assigned to the Office of the Inspector General. Two lead agencies did not receive contract monitoring reviews; these agencies had contracts valued at \$66.4 million during the year.⁶

In addition, due largely to problems caused by the transfer of the monitoring function, the Office of the Inspector General did not issue contract monitoring reports in a timely manner. The transfer of the monitoring function left the new unit with vacant positions and inexperienced staff. According to the department's audit director, contract monitoring reports did not meet management's expectations and had to be rewritten, contributing to delays in report issuance.

⁵ Three lead agencies (Our Kids, Inc., Community-Based Care of Seminole, and Community-Based Care of Brevard) were not subject to contract monitoring during Fiscal Year 2004-05 because they have not provided services for one year or more.

⁶ The two lead agencies that did not receive required contract monitoring are Heartland for Children, Inc., and Kids Central, Inc. Both of these lead agencies are located in the Central Zone.

The unit took an average of four months to release each report after conducting monitoring visits, compared to the 30-day report issuance timeframe formerly achieved by district contract performance units. Some contract managers and lead agency staff asserted that these delays in issuing reports led to contract managers and lead agency staff delaying development and implementation of corrective action plans.

The department has plans to improve the timeliness of contract monitoring activities. The department moved the contract monitoring function to its new Quality Management Unit in October 2005. This unit now oversees both contract monitoring and quality assurance reviews of all department programs.

The unit is working to ensure that all lead agencies receive annual contract monitoring and that these reports are issued in a timely manner. To do so, the unit is implementing a schedule that requires contract monitoring of all lead agencies on an annual basis, and it has given priority to monitoring lead agencies in the Central Zone because these reviews are overdue. As of December 10, 2005, the unit had conducted contract monitoring for two of the five lead agencies in the Central Zone, as well as eight lead agencies in other areas of the state. Also, to streamline report production, unit managers plan to reduce the number of steps in the report draft review process and continue with the inspector general's report format, which included only major findings in published reports. Less significant monitoring findings are addressed through daily briefings with lead agency staff and are documented in memos. At the end of the monitoring, the department provides the lead agencies with a monitoring log detailing all findings regardless of severity.

The department has not ensured that lead agencies have effectively monitored their subcontractors

Lead agencies also have key monitoring responsibilities in the community-based care system, as these agencies are to monitor the activities of their subcontractors who provide most of the direct services to dependent children and families. As of December 2005, lead agencies

had 500 subcontracts with direct service providers, including 64 subcontracts with case management organizations. Lead agencies' monitoring responsibilities are delineated in their contracts with the department, which provide that lead agencies are to establish and follow written procedures for the monitoring and quality assurance reviews of subcontractors.

It is critical that lead agencies effectively monitor the activities of their subcontractors, who provide key services in the decentralized child welfare system, including conducting child and family assessments, developing case plans, making service referrals, and providing emergency shelter, foster care, and adoption-related services. If lead agencies fail to adequately manage and oversee their subcontractors, the state has only limited assurance that children and their families receive needed and effective services, state funds are used appropriately, and performance meets state and federal standards.

However, many lead agencies are not fulfilling this critical monitoring responsibility. Department monitoring reports indicate that 12 of the 17 lead agencies monitored in Fiscal Year 2004-05 either have not monitored their subcontractors adequately or have not conducted any subcontractor monitoring. Findings of inadequate subcontractor monitoring include not developing policies and procedures for subcontractor monitoring, not monitoring all subcontractors, not requiring and following up on corrective actions, not monitoring administrative and financial compliance, and lead agency monitors not finding significant instances of subcontractor noncompliance later identified by the department.

Similar problems have occurred with certain lead agencies' quality assurance reviews of their subcontractors. According to contract monitoring reports, 6 of 17 lead agencies that were monitored in Fiscal Year 2004-05 have not fully implemented their quality assurance plans for reviewing the performance of their subcontractors. According to contract managers, needed improvements include increasing the frequency of reviews, developing a more systematic approach to quality management, and expanding quality assurance reviews to non-case management subcontracts.

Lead agencies that do not conduct or only minimally conduct contract monitoring or quality assurance reviews of their subcontractors may have only limited information about critical elements of subcontractor performance and/or compliance with state and federal regulations. For example, one lead agency recently found that its lack of a comprehensive quality assurance review process led to delays in identifying a problem with one of its subcontractors. The subcontractor was not accurately completing time logs and had significant case manager turnover that created high caseloads. This delay resulted in additional costs for the lead agency, low staff morale, and loss of stakeholder support. The lead agency recently has implemented an improved quality assurance system due to a change in its executive management and pressure from the department’s district office to improve service quality.

The department has not used its more punitive enforcement tools when it has determined that lead agencies are not abiding by contract requirements

To date, the department’s monitoring of lead agencies has found that many lead agencies have been in noncompliance with contractual requirements, and in some cases has found repeated noncompliance. While the department is authorized to take a variety of enforcement actions when lead agencies do not comply with the terms of their contracts, to date it has taken only limited enforcement action when it has found these problems.

Many lead agencies are found to be in noncompliance with contractual requirements. As shown in Exhibit 2, the 17 contract monitoring reports issued by the department for Fiscal Year 2004-05 cited a variety of problems in lead agency contract compliance, with one or more problems noted in each lead agency reviewed. The most frequently cited problems include inadequate monitoring of subcontractors, missing or inaccurate staff time logs for case management, and inadequate internal controls over financial operations.

Noncompliance with contract provisions can result in substantive problems in the services to dependent children and their families as well as a potential loss of federal funding. Inadequate

monitoring of subcontractors significantly decreases the state’s assurance that children and families are receiving needed child protection services, and increases the risk that taxpayer monies are not being used in accordance with state and federal requirements. Failure to maintain accurate staff time logs can affect the state’s ability to earn federal funds. The federal government reimburses the state for some costs of caseworker training and client services, and can disallow funding if lead agencies are unable to document the time spent on these tasks.

**Exhibit 2
Department Monitoring Reports for Fiscal Years 2003-04 and 2004-05 Frequently Have Cited a Variety of Critical Lead Agency Violations**

Area of Noncompliance	Number of Violations Cited	
	FY 2003-04 (Lead Agencies Monitored - 8)	FY 2004-05 (Lead Agencies Monitored - 17)
Not adequately monitoring subcontractors	2	12
Missing or inaccurate time logs	5	11
A lack of internal control over financial operations	3	9
Invoices not timely or accurate	6	8
Not adequately conducting quality assurance reviews	2	6
Untimely foster care re-licensing	4	5
Untimely foster care licensing	1	4

Source: OPPAGA analysis from Department of Children and Families contract monitoring reports.

Many lead agencies have been repeatedly cited for these problems. Twelve of the 25 contract monitoring reports issued in Fiscal Years 2003-04 and 2004-05 showed that the lead agencies had some of the same findings of noncompliance found in previous reports. These recurring problems included inadequate subcontractor monitoring, failure to review financial statements, and inaccurate records of time spent on case management.

The department has not used its more punitive enforcement tools when it finds violations. The department’s contracts with lead agencies authorize it to impose a variety of sanctions when it finds violations of contract requirements. The department may require the lead agency to develop a corrective action plan that must be

approved by the department's contract manager. These corrective action plans specify the steps the lead agency must take to correct the problem. If the department subsequently finds that the lead agency has not corrected the deficiency in accordance with the corrective action plan, the department's contracts with lead agencies authorize a variety of enforcement actions. These include requiring the lead agency to submit additional reports on the matter and providing technical assistance by assigning a management consultation team. More punitive enforcement tools include issuing a cure letter that specifies a specific amount of time in which significant performance must be demonstrated, convening a management peer review team to intervene and work directly with lead agency administrators to establish a plan and timetable for addressing performance deficiencies, assessing fines, and terminating the contract.

To date, the department has not used most of its more punitive enforcement tools. Typically, when the department's oversight has identified violations of contract and legal requirements, it has required corrective action plans. In two cases, the department issued cure letters to two lead agencies that it deemed to be unstable and at risk of closing.⁷ Department administrators told us that they also have required additional reporting from some lead agencies and provided technical assistance through management consultation teams. The department has not intervened with a management peer review team, assessed fines, or terminated lead agency contracts. Although two lead agency contracts have been terminated, these terminations were at the behest of the lead agencies.

The department faces significant barriers in enforcing lead agency compliance as there are few to no alternative providers available in most areas of the state, and it no longer has the staff to

provide these services in-house. Department managers indicated that it is not productive to take strong enforcement actions to the point that lead agencies decide they no longer want to provide child protective services. As a result, the department seeks to correct contract violations by providing technical assistance rather than imposing sanctions.

Notwithstanding this constraint, the department needs to develop additional tools to help ensure that lead agencies meet contract provisions. Specifically, the department should take the steps listed below.

- The department should establish clear guidelines for imposing sanctions on lead agencies that fail to meet contract requirements. In addition to establishing criteria providing for progressive imposition of its existing sanctions such as requiring corrective action plans, the department also should develop policies and procedures for taking additional actions when appropriate, such as withholding a portion of administrative funding to noncompliant lead agencies and assuming direct control of some activities such as monitoring subcontractors if a lead agency consistently fails to adequately perform this task.
- The department should develop a data system to track the compliance histories of lead agencies. Currently, department managers lack such a system and would need to manually review individual contract monitoring reports in order to identify compliance trends. Over time, this method has become increasingly inefficient as additional lead agencies have joined the system and the number of contract monitoring reports continues to increase. Developing a tracking system would help the department identify system-related problems, analyze trends, ensure consistent application of penalties, and employ increasing levels of intervention when lead agencies fail to correct high-risk deficiencies.
- The department should annually report to the Legislature on lead agencies' compliance trends and identify those entities that have consistently failed to meet contract requirements. This would assist the Legislature in its oversight of the child welfare system.

⁷ Partners for Community-Based Care received a cure letter in November 2004 in response to untimely submission of court documents, an increasing length of stay rate, not conducting required monthly visits with children in their place of residence, and not maintaining an accurate account of all children's living arrangements and locations. Kids Central, Inc., received a cure letter in February 2005 in response to a low adoption rate, an increasing re-abuse rate, untimely submission of legal documents, overdue contract deliverables, and failure to conduct required monthly visits with children. Both lead agencies were able to improve performance and did not lose their contracts.

The department needs to better define the responsibilities to be performed by its planned outsourced fiscal monitors.

The department is planning to outsource financial oversight of lead agencies. This fiscal monitoring is an essential oversight component as it enables the department to identify and address financial problems before they result in the loss of state funds or a lead agency reaching a state of crisis. To date, two lead agencies have failed due largely to financial problems, forcing the department to find other providers to take over services in these areas.⁸ The department is planning to outsource fiscal monitoring, as it believes that it lacks needed in-house expertise to perform this oversight. However, it has not prioritized the specific tasks and responsibilities that these private vendors must perform for each lead agency.

The department spent \$137,408 for contracts and purchase orders with private vendors to review lead agencies' financial health based on a standardized financial health scorecard. One of these vendors designed this scorecard, which addressed personnel policies, financial statements, accounting records, management, planning, and invoicing. The scorecards were intended to serve as a reference tool for determining the depth and frequency of needed fiscal monitoring, and used a color-coded rating system. For example, a green rating indicated that minimal problems existed, while a red rating indicated that a lead agency needed to be monitored on a weekly basis. These reviews were completed by June 2005.

However, department administrators decided not to rely solely on the scorecards after concluding that it was not an effective mechanism for assessing lead agency financial health due to deficiencies in the system used to weight lead agency performance. Specifically, the scorecard more heavily weighted relatively minor problems that could be easily remedied than major problems that required long-term solutions. For

example, the scorecard gave more weight to the deficiency of a lead agency's board of directors not reviewing monthly financial statements than the problem of a lead agency lacking sufficient cash to cover 30 days' expenses.

The department subsequently surveyed all district administrators in September 2005 to obtain their assessments of the financial status of each lead agency. The district administrators are to use this information to determine each lead agency's level of risk, and will then contract with a private firm to provide ongoing fiscal monitoring of each lead agency. The department selected two vendors through a Request for Proposal process, and the district administrators will sign contracts with one of these two vendors for each lead agency.

Under the outsourcing plan, the private fiscal monitors are to work with department contract managers and monitoring staff to ensure the fiscal integrity of each lead agency. The fiscal monitor is to review each lead agency and develop feasible and cost-effective recommendations to address any identified weaknesses. Under this plan, the department's contract managers will still perform day-to-day fiscal oversight tasks such as approving lead agency invoices, and its contract monitoring staff will remain responsible for ensuring the lead agencies comply with all of the fiscal components in their contracts. The department's contract management staff also will be responsible for determining whether fiscal monitors fulfilled their contractual obligations.

The department has not yet finalized the specific monitoring tasks that its privatized fiscal monitors must perform for each lead agency. The department developed a comprehensive list of potential fiscal monitoring tasks from which district administrators are to choose when negotiating the fiscal monitoring contract for each lead agency.⁹ The list of possible tasks includes determining if the lead agency has appropriate accounting system policies and procedures and provides funds for expenditures in accordance with contract requirements. Other possible tasks include determining whether the lead agency maintains sufficient financial records and performs tests of internal fiscal controls.

⁸ Family Continuity Program (SunCoast Region) failed in 2004 because its management overspent the lead agency's budget and accumulated a debt of \$3.8 million. Partnership for Families (District 2A) failed in 2004 because financial invoices were not consistently submitted in a timely manner, resulting in significant cash flow problems for the provider's subcontractors. The lead agency also operated using an outdated cost allocation plan and failed to implement a general ledger accounting system even though an accounting system was purchased with department funds.

⁹ The department developed this list before signing the fiscal monitoring contract for the District 11 lead agency in June 2005.

The department is developing but has not finalized a core set of tasks that are to be included in each fiscal monitoring contract. The department needs to complete this effort and ensure that its final instructions to district administrators clearly outline the roles and minimum responsibilities of the outsourced fiscal monitors.

In addition, the department needs to establish reporting timeframes for fiscal monitors. The contracts signed by district administrators to date do not consistently address how frequently fiscal monitors are to prepare and present written reports of their documented findings. The contracts also do not specify the content and format of the reports.

As of December 2005, department district administrators had signed three fiscal monitoring contracts, although the department has not completed the list of core tasks that must be included in each fiscal monitoring contract. It will be important for the department to subsequently amend these contracts to ensure that all lead agencies receive at least the same basic level of fiscal monitoring.

The department is redesigning its quality assurance system to give lead agencies a larger quality assurance role; instructions and training for staff need strengthening to help ensure success

To address concerns with its current oversight system, in September 2005 the department and lead agency staff completed a plan to redesign the quality assurance process. The department expects to start transitioning to the new system in April 2006.

The redesign will shift some oversight responsibilities from the department to the lead agencies. Under the redesign, lead agencies will assume a larger role in providing quality assurance reviews of their subcontractors and in-house services. As shown in Exhibit 3, in Tier 1 of the system, lead agencies will be required to develop a quality management plan and conduct quality assurance reviews of in-house and subcontracted services at least every six months. Lead agencies must either develop or obtain their own quality assurance data collection tools or choose from existing department-approved tools.

This shifts responsibility from the department, as the current process requires department zone staff to conduct this level of quality assurance by reviewing a sample of cases from a lead agency’s files using a data collection tool and stakeholder interviews. The department will no longer supplement lead agency quality assurance efforts by conducting its own quality assurance reviews of subcontracted and in-house lead agency services on a semi-annual basis, as it did under the former system.

**Exhibit 2
The Department’s New Quality Assurance Plan Shifts Responsibilities to Lead Agencies**

	Current System	New System
Tier 1	Lead agency contracts require them to develop and implement a Quality Management Plan for conducting quality assurance reviews of their subcontractors to assess direct service delivery. The contracts do not address the frequency of these reviews.	Lead agencies will be required to develop and implement a Quality Management Plan for reviewing their in-house and subcontracted services. The plan will incorporate minimum requirements established by the department. Lead agencies must either develop or obtain their own quality assurance tools or choose from existing department-approved tools. Lead agencies must conduct their quality assurance reviews at least every six months.
Tier 2	Department zone employees conduct quality assurance reviews of lead agencies through peer review of case files and stakeholder interviews. These reviews occur every six months.	Department zone staff, with central office staff input, will be responsible for the initial assessment and authorization of the lead agency Quality Management Plans and validating lead agency Tier 1 monitoring.
Tier 3	The department’s central office conducts quality assurance reviews to validate district monitoring activities, identify best practices, and review the state’s compliance with federal requirements. The central office also provides technical assistance as needed.	Central office staff will be responsible for conducting statewide Child and Family Services Reviews to prepare for compliance with federal reviews, providing technical assistance to assist lead agencies and zones in their quality assurance activities as needed, and maintaining the state’s Program Improvement Plan. ^{1,2}

¹ The Child and Family Services Review is a federal review that monitors and evaluates child protective services, family preservation and support, foster care, independent living, and adoption services.

² The Program Improvement Plan is a federal requirement developed in collaboration with stakeholders and partners and negotiated by state and federal officials. The plan addresses areas that are not in substantial conformity as a result of the federal Child and Family Services Review.

Source: Department of Children and Families.

The new process also will shift responsibilities to lead agencies that are currently provided by zones under Tier 2 of the quality assurance process. Whereas the department formerly supplemented the quality assurance review efforts of the lead agencies by reviewing samples from all lead agency case files and conducting stakeholder interviews twice a year, its role will be limited to validating lead agency quality assurance review data by examining a sample of the case files already reviewed by lead agencies. Department administrators indicate that its review of lead agency quality assurance activities will now be conducted twice each three-year period.

The new process will also modify the department's role in Tier 3 monitoring. The central office will continue to conduct statewide Child and Family Services Reviews to prepare for compliance with federal reviews, maintain the state's Program Improvement Plan, and provide technical assistance as needed. However, central office staff will no longer conduct quality assurance reviews to validate district monitoring activities.

The department's rationale for these changes is to make lead agencies more accountable for meeting performance standards established by the department. Also, the department believes that giving lead agencies the primary responsibility for quality assurance can reinforce the lead agencies' role in managing the child welfare system.

Given that the department has determined that many lead agencies have not adequately met their current monitoring responsibilities, transferring additional oversight duties to these entities will increase risks unless the department ensures that the lead agencies have the capability and willingness to fully meet this responsibility. Several key factors should be addressed to help ensure that this initiative is successful. In addition to the steps discussed on page 9 (developing guidelines for enforcement action if lead agencies fail to meet their monitoring responsibilities, a data system to track lead agency compliance, and additional reporting to the Legislature on repeated lead agency noncompliance), the department should

- clearly outline the roles and responsibilities of the department and lead agencies in the quality assurance process;

- provide additional guidance on the criteria it will use to determine the adequacy of lead agency quality assurance plans;
- train lead agency and department staff on their new roles and the revised quality assurance responsibilities;
- oversee initial quality assurance monitoring efforts of lead agencies and certify when they have met the department's expectations;
- maintain the capacity to provide quality assurance monitoring should it determine that some lead agencies are not meeting requirements; and
- estimate the fiscal impact of the redesign.

Clearly outline the roles and responsibilities of the department and lead agencies in the quality assurance process. As the department proceeds with its plan to change the quality assurance process, it will need to continue to refine its instructions to lead agency and department staff to clearly articulate their roles and responsibilities. The department's procedural documents for lead agency and department quality assurance staff will need to be strengthened to better support these staff in their new roles and clarify the state's expectations.

Although the department is developing a list of core components that lead agencies must include in their new quality assurance systems for federal reporting purposes, it needs to provide further clarification of their responsibilities. Core components that lead agencies must address for federal reporting purposes include case plan development, placement stability, repeat maltreatment, ongoing assessment of risk, and visitation. However, other department requirements for lead agencies have not yet been specified. For example, the department needs to address the elements lead agencies must include in their quality assurance policies and procedures, department reporting requirements, and required corrective actions when poor performance is identified.

The department also needs to ensure that it establishes procedures that clearly specify the roles of contract managers, contract monitors, and quality assurance reviewers in the redesigned process. These procedures also should address how these staff should interact and provide information to

each other that helps the department identify any implementation problems.

Provide additional guidance on the criteria that will be used to determine the adequacy of lead agency quality assurance plans. The department's plans for redesigning quality assurance will allow lead agencies to either develop their own quality assurance tools or choose from existing department-approved tools. The department will review and approve the tools selected to make sure these meet federal requirements.

However, zone and lead agency staff would benefit from additional guidance on the criteria the department will use to determine the adequacy of lead agency quality assurance plans. The department is planning to provide zone staff with a criteria guide that lists the major components that lead agencies must incorporate into their quality assurance plans. Zone staff will use the criteria guide when making decisions on whether to approve lead agencies' plans. However, the guide does not include checklists to aid in identifying missing components in proposed lead agency plans, nor does it include adequate descriptions of the expectations for each deliverable. For example, one deliverable is that the lead agency must have evidence of the methods it will use to consistently apply its review tool, but the criteria guide does not contain examples or descriptions of methods that lead agencies can use to ensure consistency. This lack of specificity leaves room for department reviewers to inconsistently or incorrectly interpret whether quality assurance plans meet minimum requirements. Further specificity also would help lead agencies determine whether the plans they submit meet the new requirements.

Train lead agency and department staff regarding their new roles and the revised quality assurance procedures. Lead agencies would take on a much larger and different role by assuming additional responsibilities for quality assurance, which increases the importance of providing thorough training to lead agency quality assurance staff. Otherwise, accurate and timely results are unlikely to be achieved. The training program should include instruction on how to develop and implement an effective program, reporting

requirements, and data analysis (statistical principles and research methodologies).

Department zone staff also will need training as their role shifts from conducting quality assurance reviews to overseeing lead agencies' quality assurance activities. Department staff will determine whether each lead agency in their zone has an adequate quality assurance plan and a sound method for collecting and assessing the accuracy of data. Training for department zone staff needs to address the review tools chosen by lead agencies and data analysis (statistical principles and research methodologies). Given that lead agencies would now have the flexibility to develop their own quality assurance plans and choose among various quality assurance data collection tools, zone staff could have to be knowledgeable about and determine adequacy for several different lead agency quality assurance systems. For example, Central Zone quality assurance staff could need to evaluate as many as five different plans and quality assurance data collection tools because this zone includes five lead agencies.

Oversee initial quality assurance monitoring efforts of lead agencies and certify when they have met the department's expectations. The department should refine its plans to include a certification program for lead agency quality assurance reviewers and review processes. The certification process should assess whether the lead agencies have demonstrated the willingness and ongoing ability to oversee subcontractors and in-house services. The certification process should take into account whether a particular lead agency already has demonstrated capacity and willingness to conduct quality assurance reviews and subcontract monitoring based on previous department oversight reports. Lead agencies that have consistently failed to comply with quality assurance or subcontract monitoring requirements should be subjected to a more rigorous process in which they demonstrate how they can comply with the additional quality assurance requirements. These agencies also should document and department employees verify that the lead agency has successfully completed quality assurance reviews of its subcontractors. Once a lead agency becomes certified, the department should reduce

its oversight to the planned verification of a sample of quality assurance cases twice each three-year period.

Maintain the capacity to provide quality assurance monitoring should the department determine that some lead agencies do not meet requirements. The department has previously determined that some lead agencies have not adequately met their current monitoring responsibilities. These lead agencies may have difficulty meeting expectations in a quality assurance system that increases their responsibilities. Some department administrators have stated that smaller lead agencies may not have the resources to assume additional responsibility for quality assurance. The department may need to re-assume quality assurance monitoring for these lead agencies. Given that the department may need to become more involved in some lead agencies' quality assurance, it should maintain the capacity to provide this level of oversight should a lead agency fail to become certified.

Estimate the fiscal impact of the redesign. The shift of additional quality assurance responsibilities to lead agencies likely will affect the staffing and funding needs of the department and some of the lead agencies. Lead agencies will receive additional responsibilities, while the department's quality assurance responsibilities would be reduced. Since lead agencies vary in their level of staffing and resources, the extent to which they can absorb a new responsibility also will vary. The department's internal staffing and resources also will be affected in the long term as the redesign is implemented and more lead agencies successfully take on their new responsibilities. However, these positions may be needed elsewhere in the department to address the weaknesses in lead agency oversight discussed in this report. The department should estimate the fiscal impact of the redesign and provide this information to the Legislature for use in the appropriations process.

Recommendations ---

To better ensure adequate oversight of lead agencies and their subcontractors, we recommend that the department take the actions described below.

- The department should establish a training program for its contract monitoring staff that addresses the contracting process, the community-based care system, state and federal requirements, and effective monitoring practices. This training should be similar to that now being provided to its contractor managers, and also cover the role of these staff in the department's overall contract management, monitoring, and quality assurance system, including how contract monitoring staff should interact with contract managers and quality assurance staff. The department should periodically survey its contract managers and contract monitoring staff to identify their training needs.
- To efficiently monitor lead agency performance, the department needs to complete the financial and case management modules of HomeSafenet. The department should follow its established timeline for awarding the HomeSafenet contract and closely monitor the contractor's performance to ensure implementation is completed within budget and deadlines.
- To help ensure early identification of lead agency viability problems, the department should expedite implementation of its viability assessment plan. To promote a statewide assessment of lead agency viability, the central office should be responsible for coordinating the collection and analysis of viability reports.
- To help bring more lead agencies into compliance with the terms of their contracts, the department should take the steps outlined on page 9 of this report to establish clear guidelines for imposing sanctions on lead agencies that fail to meet contract requirements, develop a data system to track the compliance histories of lead agencies, and annually report to the Legislature on lead agencies' compliance trends.

- The department should finalize its core set of tasks to be included in each contract with outsourced fiscal monitors prior to signing final contracts for this service. The department also should specify how often the fiscal monitors must report to the department and the format and content of these reports.
- To better ensure the success of its redesign of the quality assurance system, the department should take the steps outlined on pages 12 through 14 of this report to
 - clearly outline the roles and responsibilities of the department and lead agencies in the quality assurance process;
 - provide additional guidance on the criteria it will use to determine the adequacy of lead agency quality assurance plans;
 - train lead agency and department staff on their new roles and revised quality assurance responsibilities;
 - refine its plans to include a certification program for lead agency quality assurance reviewers and review processes;
 - maintain the capacity to provide quality assurance monitoring should the department determine that some lead agencies are not meeting requirements; and
 - estimate the fiscal impact of the redesign.

Agency Response ---

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Secretary of the Department of Children and Families for review and response. The Secretary's written response to this report is on page 17.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

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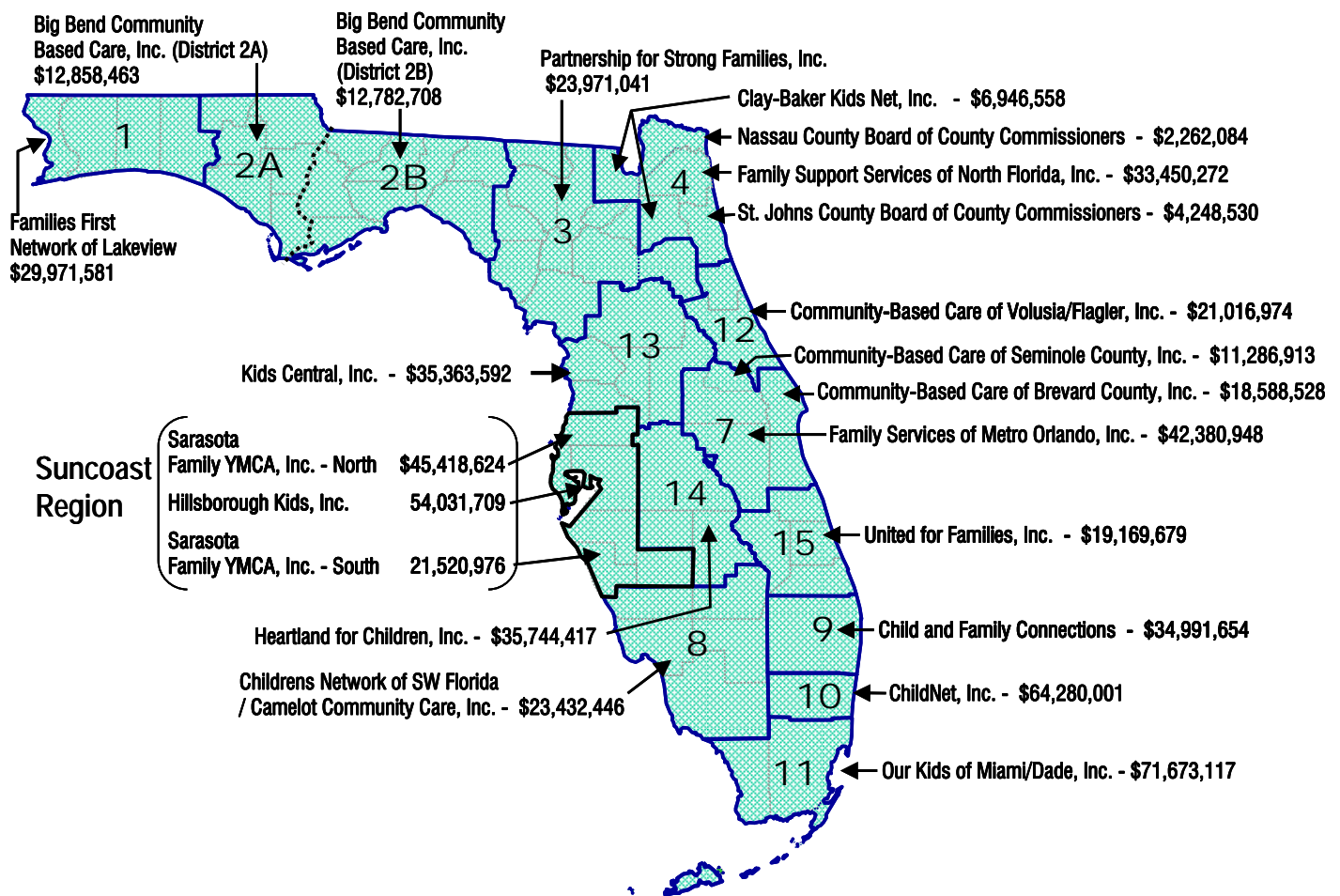
Becky Vickers, Staff Director (850/487-1316)

Gary R. VanLandingham, OPPAGA Director

Appendix A

The State Provides Foster Care and Related Services Using a Community-Based System

As shown on the map below, the department has entered into contracts with 20 lead agencies to provide services in all 67 counties. The contracts for Fiscal Year 2005-06 total \$625.4 million.¹⁰



¹⁰ Contract amounts are as of January 13, 2006.

Appendix B



**State of Florida
Department of Children and Families**

Jeb Bush
Governor

Lucy D. Hadi
Secretary

January 13, 2006

Gary R. VanLandingham, Director
The Florida Legislature
Office of Program Policy Analysis and
Government Accountability
111 West Madison Street
Room 312, Claude Pepper Building
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Thank you for your January 4, 2006 letter accompanying the preliminary findings and conclusions of your report titled "Additional Improvements Are Needed as DCF Redesigns Its Lead Agency Oversight Systems."

The department generally concurs with the findings of your report. Enclosed is the department's response to the specific recommendations you provided. If you or your staff have additional questions, please feel free to call Tom Rankin, Director of Quality, Management, at (850) 921-7928.

Sincerely,

/s/
Lucy D. Hadi
Secretary

Enclosure

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency

Florida Department of Children and Families
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Government Accountability Report
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January 2006

Recommendation: The department should establish a training program for contract monitoring.

Department's Response: The department concurs that contract monitoring staff will benefit from training as described in the recommendation and will dedicate resources to develop and implement a training program. This will become the priority after the same resources complete the development and implementation of the contract-monitoring component of the redesigned Quality Assurance (QA) function. The department concurs that surveying employees within contract monitoring and contract management is a useful method for conducting training needs assessment. Currently, the contract management training agendas are established by requesting input from contract managers as well as other stakeholders. The monitoring function plans to do this as part of its training needs assessment.

Recommendation: The department needs to complete the financial and case management modules of HomeSafenet following established timelines.

Department's Response: The department concurs and will continue to follow its established timeline.

Recommendation: The department should expedite implementation of its viability assessment plan.

Department's Response: The Viability Assessment process has been developed. Implementation of the viability assessment process was discussed by the Monitoring and Quality Assurance workgroups (which included both DCF and CBC representatives) and the implementation of the viability assessment process will be further considered after full implementation of the new 3 Tier Quality Assurance process.

Recommendation: The department should address compliance problems among lead agencies by (a) establishing clear guidelines for sanctions, developing procedures for withholding a portion of administrative funding to noncompliant lead agencies and assuming direct control of some activities such as monitoring subcontractors if a lead agency consistently fails to adequately perform this task, (b) implementing a compliance tracking system, and (c) reporting to the Legislature annually on lead agency compliance.

Department's Response: In response to (a), the department notes that withholding administrative portions of funds is already operationally possible through the use of financial penalties provided in Rule 65-29.001, F.A.C. There are no plans regarding development of guidelines for sanctions. The department does not concur with the recommendation to adopt monitoring responsibilities of lead agencies. This task is a function of the lead agency that must be performed by the vendor as the subcontractual relationship is established between the vendor and the subcontractor. The department conducts its monitoring of the lead agency by including observation and testing at the subcontractor level, however this is to verify the lead agency's finding, not to supplant their contractual obligation. In response to (b), a tracking system for compliance histories is already a feature included in the Contract Evaluation Reporting System (Monitoring Reporting Query) through the use of reports based on categories of findings. The query capability could be improved to segregate CBC contracts from other child welfare contracts. In response to (c), we will provide reports to the Legislature upon request.

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Recommendation: The department should finalize its core set of tasks for fiscal monitoring outsourcing, including specifications for reporting.

Department's Response: The Fiscal Monitor task structure to include reporting frequency and reporting content has been finalized and will be issued to the districts once financial resources have been identified.

Regarding the redesign of the 3 Tier Quality Assurance (QA) system, several recommendations are provided. The department concurs with most of these recommendations as indicated below:

Recommendation: The department should clearly define roles and responsibilities of the department and lead agencies in the quality assurance process.

Department's Response: The department concurs with this recommendation and will clearly define roles and responsibilities for both CBC and department staff.

Recommendation: The department will provide additional guidance on the criteria it will use to determine the adequacy of lead agency quality assurance plans.

Department's Response: The department has identified the required criteria for lead agency quality assurance plans. The criteria are based on nationally recognized case practice standards as well as Florida's statutory requirements. It will be the role of each CBC lead agency to develop individualized plans based on the criteria. The plans will be reviewed and certified by a statewide team with members consisting of identified department staff to ensure they include all required components. Tier 2 activities, performed by department staff, will assess their effectiveness as well as ongoing results that will be reported by the lead agencies to the department quarterly on a distinct set of core measurements.

Recommendation: Train lead agency and department staff on their new roles and revised quality assurance responsibilities.

Department's Response: The department concurs with this recommendation and has included in its implementation plan strategies to train both CBC and department staff. Training initiatives will focus on increasing statewide knowledge pertaining to quality case practice based on nationally recognized outcomes for children and families. Training will occur on revised roles and revised quality assurance procedures and expectations. The department recognizes the paradigm shift both in how DCF evaluates the performance of CBC providers and how CBC providers view their ownership of performance and accountability for their respective system of care. Plans are underway to train both department and lead agency staff on the revised 3 Tier Model Quality Assurance. Specifically, DCF staff will receive training on the shift from conducting quality assurance activities to that of an oversight role.

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Recommendation: The department should refine its plans to include a certification program for lead agency quality assurance reviewers and review processes.

Department's Response: The model has addressed this recommendation. As part of the contractual agreement with lead agencies it is required that they develop quality assurance plans that address both in-house and sub-contractor services. The model requires that each CBC provide the department with a specific plan addressing required components. A certification process has been planned to review, improve and initiate these plans. Ongoing certification of the plans to include not only content but also their effectiveness will be provided on an ongoing basis through the Tier 2 process. Using a defined, integrated QA and Contract Oversight team approach at the Tier 2 level the department will be able to certify that the quality assurance plans are comprehensive as well as effective. Furthermore, the model requires ongoing submission of data by the CBCs to enable verification of quality assurance for cases served by sub-contractors.

Recommendation: Maintain the capacity to provide quality assurance monitoring should the department determine that some lead agencies are not meeting the requirements.

Department's Response: While the redesign shifts the responsibility to the lead agencies to provide quality assurance reviews of their services and of their service providers, the department will maintain the overall responsibility for oversight of CBC performance. The office of QM will continue to track the performance of lead agencies in the Tier 2 and Tier 3 activities. The new model affords for an on-going more timely monitoring from various data sources of the overall performance of anyone CBC. Even though actual monitoring is on an annual basis, the information will be reported quarterly to the department, which is an improvement over the former semi-annual reporting schedule. Monthly data will be available by which department staff will conduct performance and trend analyses. The department will retain adequate staff patterns from which to perform these performance management activities. However, the contractual expectation is for lead agencies to develop and implement quality management plans that include required components for quality assurance reviews for both in-house and sub-contractors. This requirement will be enforced as described above in the department's response to ensure compliance.

Recommendation: The department will estimate the fiscal impact of the redesign.

Department's Response: The department plans for implementation of this model includes careful analysis of resources and will determine appropriate allocation methodologies for distribution of resources. Distribution of resources will be planned in order for the CBCs to conduct Tier 1 quality assurance activities while maintaining resources for the department to continue oversight at Tiers 2 and 3.