



DCF Improves Contract Oversight of Lead Agencies; Fiscal, Quality, and Performance Assessment Are Undergoing Change

at a glance

As recommended in our 2006 report, the Department of Children and Families has made changes to strengthen contract oversight of lead agencies by improving its ability to track contractual noncompliance and establishing a training program for contract monitoring staff. The department is working to improve other components of its oversight system by

- bringing fiscal monitoring back in-house after outsourced fiscal monitors failed to meet contractual obligations,
- redesigning its quality assurance system,
- implementing a new automated child welfare data system, and
- developing better ways to examine performance data and target critical client outcomes.

As these components are in transition, it is too early to determine the effect of these changes on the department's ability to effectively oversee lead agencies. Future OPPAGA reports will continue to assess the department's oversight of the community-based care system.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken by the Department of Children and Families in response to two 2006 OPPAGA reports.^{1,2} This report presents our assessment of the extent to which the department has addressed the findings and recommendations included in our reports.

Background

The state's child welfare program provides services to care for and protect abused and neglected children. The Department of Children and Families contracts with community-based care lead agencies for the management and operational responsibilities of providing foster care and related services, including family preservation, emergency shelter, and adoption. In Fiscal Year 2007-08, 19 lead agencies held 22 contracts with the department. The lead agencies in turn subcontract with a wide range of providers for direct care services, including case management, foster care placement, and substance abuse and mental health services. Lead agencies are responsible for oversight of their subcontractors, and as of December 2007, had approximately 500 subcontracts to oversee.

¹ Section 11.51(6), *F.S.*

² *Additional Improvements Are Needed as DCF Redesigns Its Lead Agency Oversight Systems*, [OPPAGA Report No. 06-05](#), January 2006; and *Child Welfare Performance Mixed in First Year of Statewide Community-Based Care*, [OPPAGA Report No. 06-50](#), June 2006.

The department remains responsible for some functions such as operating the abuse hotline, performing child protective investigations (which determine whether children need to be removed from their homes because of abuse or neglect), and providing Child Welfare Legal Services. The department is also ultimately responsible for program oversight and the overall performance of the child welfare system.

For Fiscal Year 2008-09, the total appropriation for child welfare services is \$961 million.³ As of February 2008, the department reported that the lead agencies were providing services to 37,880 children and their families.

The department's current system of lead agency oversight has five interrelated components.

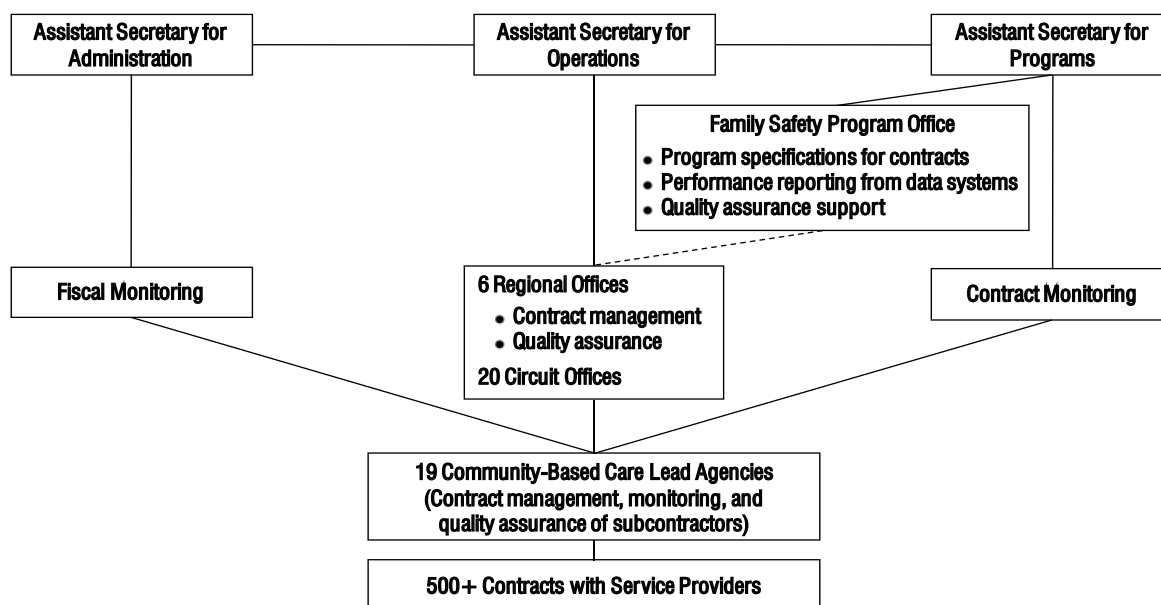
- **Contract monitoring** ensures that lead agencies comply with the terms of their contracts through periodic reviews.
- **Contract management** conducts day-to-day oversight of lead agency contracts and performs tasks such as reviewing and approving deliverables and invoices, and administering corrective action plans.

- **Fiscal monitoring** examines the financial health and compliance of lead agencies with generally accepted accounting standards and practices.
- **Quality assurance reviews** examine a sample of cases to assess the quality of services and outcomes for children and families.
- **Data systems** collect information on child welfare cases and are used to quantify lead agency performance compared to established goals and standards.

In January 2007, the department began reorganizing its management and oversight structure for community-based care. Contract management and quality assurance reviews for lead agencies are now the responsibility of six regional offices that report to the assistant secretary for Operations. The assistant secretary for Administration is responsible for fiscal monitoring. Staff under the assistant secretary for Programs monitors whether vendors are complying with contractual requirements for service delivery. The Office of Family Safety, which reports to the assistant secretary for Programs, is responsible for establishing program specifications for contracts, providing support for quality assurance reviews, and reporting on performance from the child welfare data system. (See Exhibit 1.)

³ The department also provides policy development and program oversight with a separate management budget.

Exhibit 1 Department of Children and Families' Organizational Placement for Community-Based Care Oversight



Source: Department of Children and Families.

Current Status ---

As we recommended, the department has taken steps to improve oversight of lead agencies by strengthening contract oversight. The department is working on further revisions to improve fiscal monitoring, quality assurance, data collection, and performance measurement, although the effectiveness of these changes cannot yet be determined.

The department has made changes to strengthen contract oversight and track lead agency compliance

Our 2006 report on community-based care oversight concluded that the department needed to develop additional ways to ensure that lead agencies comply with contract provisions. Department staff had cited repeated instances in which lead agencies were not complying with their contracts, including not adequately monitoring their subcontractors, failing to review financial statements, and inaccurately recording time spent on case management. Noncompliance with contract provisions can result in substantive problems in the services to dependent children and their families. To strengthen its ability to detect and address noncompliance, the department has made changes consistent with our recommendations to track and analyze lead agency compliance histories, use stronger enforcement measures when necessary, and implement a training program for contract monitoring staff.

The department has developed a system to enable staff to track and analyze lead agency compliance histories. As we recommended, the department has developed a system to track and analyze findings of noncompliance. Our 2006 report noted that in the absence of such a system, department contract managers, monitoring staff, and administrators had to manually review individual contract monitoring reports to identify compliance trends.

To address this problem, the department has enhanced the search functions of its web-based contract evaluation reporting system. Staff can now identify lead agencies' prior deficiencies, determine whether they have repeated areas of noncompliance, and analyze trends for different

types of noncompliance. Staff can also search the system for lead agencies' prior corrective action plans to identify actions they were required to take to address deficiencies and when the corrective actions were to be completed.

The department has been more aggressive in addressing noncompliance. Our 2006 report noted that the department had a range of interventions and sanctions available to address noncompliance, but generally did not take stronger enforcement measures, such as intervening with a management peer review team, assessing fines, or terminating lead agency contracts. Generally, the department relied on corrective action plans, technical assistance, and imposing additional reporting requirements.

Although the department has not implemented our recommendation to establish guidelines for imposing sanctions, it has taken more forceful action when lead agencies do not meet contractual or legal requirements. For example, in September 2006 and April 2007, the department began the process to terminate two lead agency contracts due to noncompliance, but rescinded the termination orders when the lead agencies made the necessary corrective actions. The department also chose not to renew a lead agency contract due to poor performance and threatened a lead agency with sanctions until the lead agency made corrective actions.

The department has implemented a training program for its contract monitoring staff. Contract monitoring staff has a key role in overseeing lead agency performance and identifying areas of noncompliance and related problems. Our prior report noted that high turnover of contract monitoring staff and lack of training had adversely affected the expertise level of these staff members.

The department has taken steps to strengthen its training program for contract monitoring. In 2006, the central office surveyed contract monitoring staff to identify their training needs and in 2006 and 2007, held statewide training sessions. The training focused on essential components of the contract monitoring function, including report writing, changes in community-based care contract requirements, and a recently implemented monitoring tool for children in foster care who receive independent living services. As resources

permit, department administrators intend to hold additional training sessions each year.

The department is restructuring its fiscal monitoring of lead agencies

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 funds or a lead agency reaching a state of crisis. Two lead agencies failed in the past largely due to financial problems, forcing the department to find other providers to take over their services. The department previously outsourced fiscal monitoring, but has recently decided to bring this function back in-house after finding that the outsourced monitoring firm was not meeting its contractual obligations. Consistent with our recommendation, the department has developed systems to monitor the ongoing administrative and financial viability of lead agencies.

The department is bringing fiscal monitoring back in-house. In 2006, we reported that department district administrators had begun to enter into contracts with outsourced fiscal monitoring vendors without having finalized the specific tasks and responsibilities that the vendors were to perform for each lead agency.⁴ The department implemented our recommendation to establish a core set of tasks for these contracts and proceeded to enter into eight local contracts with a management consulting and government services firm to conduct fiscal monitoring of lead agencies around the state. The department selected this firm because of its previous work in helping the department maximize the use of federal revenues, experience with child welfare, and capacity to cover multiple lead agencies.

However, the department chose not to renew these contracts in July 2007 and terminated the contracts after a six-month extension. The department made this decision for several reasons.

- Department contract monitoring staff found that the outsourced fiscal monitoring staff in several areas of the state had not complied with contractual requirements. The noncompliance included staff not meeting

minimum qualifications, inadequately documenting findings, and failing to complete all tasks specified in the contracts.

- The department's inspector general reported that the firm specialized in consulting services, not auditing services, and that the two types of services fundamentally differ in their professional standards and practices.
- During a consultant-guided workshop to decide how to best perform fiscal monitoring of lead agencies, department administrators identified drawbacks to using outsourced fiscal monitoring staff, particularly in how this practice has affected the department's ability to adequately control the quality and consistency of the work.

The department's assistant secretary for Administration has taken over the responsibility for conducting fiscal monitoring of the lead agencies. To carry out this function, the department is updating its lead agency risk assessments, which it will use to determine the depth and frequency of monitoring, and developing a fiscal monitoring tool to examine whether lead agencies use the proper funding sources for various services. The department hired a former assistant secretary for Administration to direct fiscal monitoring of lead agencies and is using some of the funds saved from terminating the contract to hire three additional staff to perform this function.

The department is assessing the viability of lead agencies through monitoring of fiscal and performance indicators. To help reduce the risk of child welfare service disruptions, we recommended in 2006 that the department develop an effective method for monitoring the ongoing administrative and financial viability of lead agencies.

Consistent with our recommendation, the department has developed a system for collecting information and reviewing lead agency fiscal and program performance indicators on a quarterly basis. The central office now sends quarterly fiscal indicators reports to the circuit administrators who review them with the lead agencies and report back on any problems that need to be addressed. The program indicators tracked in the reports are those that have been found to affect lead agency expenditures, including caseloads, the rate of children entering the community-

⁴ Prior to its recent reorganization and the establishment of regions and circuits, the department administered and delivered services through districts led by district administrators.

based care system, and the proportion of children being placed in out-of-home care.⁵

Department administrators now also conduct ongoing monitoring of potential fiscal or programmatic problems. This is done via monthly lead agency expenditure reports and regular interaction between the circuit administrators and lead agencies to discuss problems as they emerge.

The department is currently implementing another revision to its quality assurance system

The department uses quality assurance reviews to help determine whether lead agencies are providing children and their families with services that meet state and federal quality standards.⁶ Since 2003, the department has made several revisions to improve its quality assurance system. At the time of our 2006 report, the department was planning to change its system to give additional responsibilities to the lead agencies for reviewing the work of their own staff and subcontractors. However, the department is now redesigning its new system to address shortcomings.

The quality assurance review system implemented in 2006 had shortcomings. The department's 2006 revision to its three-tiered quality assurance system required the lead agencies to design and conduct quality assurance reviews using their own case file review instruments (Tier I), local department staff to validate the results of the lead agency reviews (Tier II), and the department's central office to conduct the Florida Child and Family Services Review (Tier III).⁷ Given that some lead agencies had not adequately carried out their responsibilities for monitoring subcontractors, our

2006 report noted that transferring additional oversight responsibilities to the lead agencies would increase risk unless the department ensured that the lead agencies have the capability and willingness to fully meet this responsibility. We made several recommendations for the department to clarify its expectations for its own and lead agency staff as it moved forward with this new system.

The department provided clarification to staff as it implemented these changes, but the quality assurance system did not work as envisioned. As they conducted validation of the lead agencies' reviews, department staff found that lead agencies were struggling with some aspects of the new system and did not have a complete understanding of core quality assurance standards or how to apply these standards in reviews. Also, most lead agencies were unable to complete quarterly quality assurance samples in a timely manner due to the department requiring staff to review a large, statistically valid sample of cases, which exceeded 300 case files a year for lead agencies with large caseloads. The design of the process also resulted in a significant time lag between Tier I and Tier II reviews, which made it difficult for department staff performing the validation reviews to match lead agency quality assurance data to current case file information.⁸

To address these problems, the department made some modifications to the quality assurance system in 2007 to reduce sample sizes and lower the level of data accuracy required for Tier II validation. However, problems continued and department managers determined that the system needed to be redesigned once again.

The department has further redesigned its quality assurance system. To redesign and implement a new quality assurance system, the department created an Office of System Performance within the Office of Family Safety. The department also established a quality assurance implementation and oversight team consisting of department staff and community-based care representatives, a taskforce to develop quality assurance standards and a review

⁵ For example, one lead agency experienced financial problems after the death of a child led to increased numbers of children being removed from their homes and placed in out-of-home care. This in turn substantially increased the lead agency's expenses for foster care and other services. The department identified the problem and was able to intervene to ensure the viability of the lead agency.

⁶ To conduct these reviews, staff review case files to assess the quality of services using a file review instrument that contains elements such as case plan development and placement stability.

⁷ The Florida Child and Family Services Review is an external department assessment using the Florida version of the federal performance review. Changes to the Social Security Act in 1994 authorize the U.S. Department of Health and Human Services to review state child and family service programs.

⁸ For more information, see *Pilot to Outsource CBC Program Oversight Encountered Setbacks; Effectiveness Unknown*, [OPPAGA Report No. 08-09](#), February 2008.

instrument for case management, and an advisory team to guide the development of training and implementation processes.

In March 2008, the department held a quality assurance symposium for department and lead agency staff to discuss the design and implementation of the new system. The department currently plans to implement the new system on July 1, 2008.

Department administrators indicate that the new quality assurance system will build on the lessons learned from the three-tiered system, as well as information gathered through its outsourced community-based care oversight pilot project.^{9, 10} Under the new system, lead agency and regional department staff will both participate in quarterly quality assurance reviews, with the central office providing oversight and technical assistance.

Planned changes to the quality assurance system include

- establishing a core set of quality assurance standards for all lead agency review instruments that exclude elements covered in other department monitoring efforts;
- reducing the number of cases staff will review to 25 case files per quarter and stratifying the samples between new cases and older cases and by the age of the children in care;
- having regional department and lead agency staff conduct a side-by-side review of a subset of 8 of the 25 cases to ensure that staff understand the standards and agree on how to interpret the information in case files;
- having department regional staff conduct in-depth reviews of two to three of the eight sample cases per quarter by interviewing case workers, supervisors, family members, and other people involved with the case to get a more detailed look at the quality of case practices; and

⁹ In accordance with Ch. 2006-30, *Laws of Florida*, the department contracted with Chapin Hall, a child welfare research and demonstration institute of the University of Chicago, to conduct programmatic monitoring and quality assurance reviews, and develop new performance measures for two community-based care lead agencies.

¹⁰ As required by Ch. 2006-30, *Laws of Florida*, OPPAGA is evaluating the pilot project and issued a report in February 2008 (see [OPPAGA Report No. 08-09](#)). Our final report is due February 2009.

- requiring case management supervisors to review 100% of cases on a quarterly basis using a standardized, qualitative tool to provide timely feedback to case workers on the quality of services and corrective action, if necessary.¹¹

The department is implementing a new data system and developing additional ways to assess performance

Our 2006 reports concluded that the department lacked critical information it needed to oversee and evaluate the performance of the community-based system. This hindered the department's ability to identify and correct underlying contributors to poor performance. The department is transitioning to a new data system and developing additional ways to assess performance.

The department is implementing the Florida Safe Families Network. Our 2006 report noted that the department had encountered multiple delays and technical difficulties in implementing its child welfare data system, HomeSafeNet. We recommended that the department follow established timelines and closely monitor completion of the case management and financial components of the system, as these components would provide critical child welfare information.

Since the time of our prior report, the department has decided to discontinue HomeSafeNet and replace it with a new system, the Florida Safe Families Network. The department is developing the new system in stages and released the first module in July 2007. This first module reproduces the components of HomeSafeNet that were functioning, such as maintaining case information from the abuse hotline and child protective investigations.

The department has established a schedule for releasing additional components of the new system. The department began piloting the case management module in May 2008 and plans to begin testing the financial module in August 2008. The case management module will reduce

¹¹ Supervisors are already required to review the casework of case managers. According to department managers, the supervisory tool is meant to guide discussion and improve supervision of front-line workers. The department has not yet determined how it will ensure that case management supervisors use the tool or how the tool will affect the workload of lead agency and department staff.

dependence on paper case files; allow easier access to case information for lead agency, department, and judicial staff; and facilitate performance analysis. The financial module will replace the department's current stand-alone financial system and is intended help the department better integrate fiscal and programmatic data.

The department is developing additional ways to target critical client outcomes and assess well-being. Our 2006 report concluded that program performance under community-based care was mixed, with some program outcomes improving since the transition to community-based care and others worsening. We recommended that the department target critical client outcomes that had not shown improvement and develop strategies for working with the lead agencies to reach statewide performance expectations. We also noted that the department had not established measures that assess the well-being of children and families, which has been receiving federal emphasis, and recommended that the department continue to work on developing measures in this area.

The department has developed several strategies for targeting critical client outcomes that had not shown improvement, notably foster care placement stability, recurrence of abuse, and reentry into out-of-home care. The department has listed these outcome measures as critical performance measures in its strategic and business plan and on its on-line performance reporting system. The department also published a report in November 2006 on the results of a pilot study that identified strategies for increasing the stability of placements for foster children.

In addition, the department contracted with Chapin Hall to examine program performance measures and make recommendations for improving the measures and methodology.¹² Chapin Hall is establishing a framework for using performance measures to improve the quality of care, track changes in outcomes over time, and examine what is happening to children in different situations who have different needs. Chapin Hall is training department and lead

agency staff to analyze data to identify the relationships between outcomes, delivery of services, quality of care, and management of service delivery.

The department is continuing to develop measures of child well-being. The department established several measures in Fiscal Year 2005-06, such as the percentage of school days attended by children in out-of-home care and the percentage of children placed within same school district. However, according to department administrators, these measures were based on preliminary discussions and they need to develop more meaningful measures to assess well-being. They are considering measuring progress in school, access to health care, health care status, criminality, and the self-sufficiency of former foster children. Department administrators are also evaluating various sources of data for these measures, such as the Department of Education, the Agency for Workforce Innovation, surveys of foster youth and former foster youth receiving independent living services, and the Florida Safe Families Network.

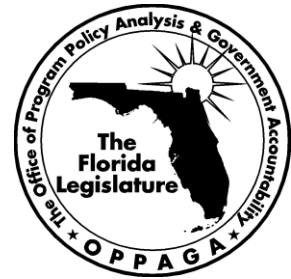
The department is also assessing child well-being through quality assurance reviews. The department's new quality assurance review tool contains a series of questions on well-being, such as whether educational and health services are being provided that meet children's needs.

Because the department is continuing to implement improvements to its fiscal monitoring, quality assurance, and data and performance measurement systems, it is too early to determine the effect of these changes on the department's ability to effectively oversee lead agencies. Future OPPAGA reports will continue to assess the department's oversight of the community-based care system.

¹² Chapin Hall is a child welfare research and demonstration institute of the University of Chicago.

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