



## Child Welfare Transition Nearly Complete; Budget Allocation and Oversight Systems Need Strengthening

### *at a glance*

The Department of Children and Families has nearly completed the transition to community-based care. As of January 31, 2005, the department had signed 21 services contracts with 19 lead agencies to provide child protective services in 65 counties. It plans to sign a services contract with one additional lead agency in 2005.

The department has taken recommended steps to improve the transition process, and it is in the process of implementing a system to monitor lead agency viability. However, the department has experienced continuing delays in completing the HomeSafenet system and has not yet implemented a process for tracking technical assistance requests from lead agencies.

Also, to help ensure that the community-based care initiative is successful, the department needs to

- improve its methodology for allocating funds to lead agencies and strengthen oversight of eligibility determination for federal Title IV-E funding, and
- further refine its contract monitoring system.

### Scope

The 2003 Legislature directed OPPAGA and the Auditor General to jointly review and assess the Department of Children and Families' process for determining district and lead agency readiness to provide child protective services.<sup>1</sup> This is the third in a series of reports on lead agency readiness. Our first two reports were issued in February and September 2004.<sup>2</sup> This report

- provides information on the current status of the transition to community-based care, including our assessment of the extent to which the department has addressed the findings in our September 2004 report, and
- examines challenges facing the department in ensuring the long-term sustainability of the outsourced child protective service system.

<sup>1</sup> Chapter 2003-146, *Laws of Florida*. Our initial report was issued in February 2004 and subsequent reports are due each September and March until full transition to community-based care is accomplished statewide.

<sup>2</sup> *Special Report: DCF's Lead Agency Readiness Assessment Process Meets Statutory Requirements, But Needs Strengthening*, OPPAGA [Report No. 04-15](#), February 2004.

*Special Report: DCF Improves Readiness Assessment Process; However, Additional Changes are Needed*, OPPAGA [Report No. 04-65](#), September 2004.

## 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.<sup>3</sup> Under community-based care, the Legislature has shifted the department's role from being a primary provider of services to being a purchaser of services.

Due to problems experienced by some of the first lead agencies, the 2003 Legislature required the department to establish a readiness assessment process to review the operational readiness of each district and lead agency. The review process uses criteria that reflect national accreditation standards, and includes on-site visits by teams made up of district and lead agency staff with direct experience with the start up and operation of a community-based care agency and a representative from the community alliance.<sup>4</sup>

During Fiscal Year 2003-04, the department and its lead agencies provided child protective services to 84,632 children.<sup>5</sup> For Fiscal Year 2004-05, the Legislature appropriated \$838,148,725 to the department's child protection program, of which 54% is from federal funds and 46% from state funds (primarily general revenue). The department issued contracts with lead agencies that total \$490,603,807. It retains the remainder of the appropriation for program-related functions such as child protective investigations and child welfare legal services.

<sup>3</sup> Lead agencies are private, community-based agencies 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.

<sup>4</sup> A community alliance is a group of stakeholders, community leaders, client representatives and human services funders in each county that provides a focal point for community participation and governance of community-based services.

<sup>5</sup> This includes all children provided emergency shelter or ongoing in-home or out-of-home services, but does not include children involved only in an investigation. It also does not include prevention activities. As the department was still in the process of transitioning to a privatized system, some of the children received services through the department, while others were served by lead agencies.

## Current Status

The transition to community-based care is nearly complete. As of January 31, 2005, the department has entered into 21 services contracts with 19 lead agencies that provide services in 65 of the state's 67 counties.<sup>6</sup> It plans to sign a services contract with one additional lead agency in 2005 (see Appendix A).

The department has taken several steps to improve the transition process as recommended by our September 2004 report, but has not fully implemented all of the recommended actions.

- The department has ensured that community alliance members participate in readiness assessments, as required by statute.
- The department has not fully implemented the HomeSafenet system due to contracting problems that have resulted in further delays.
- The department has increased the level of technical assistance it provides to lead agencies, but has not implemented a process for tracking lead agencies' requests for technical assistance.
- The department is in the process of implementing a system to monitor lead agency viability.

The department ensured that community alliance members participated in readiness assessments, as required by statute. We reported in our September 2004 report that one readiness assessment team's community alliance member was present for only part of the first site visit and did not participate at all in the second site visit. This was problematic as participation by local partners can be essential to the success of lead agencies. We recommended that the department better enforce the statutory provision and instruct readiness assessment teams not to proceed with the readiness assessment site visit without alliance participation. The department implemented this recommendation for the remainder of Florida's transition to community-based care by modifying its procedures to include a request to the

<sup>6</sup> Two lead agencies have two services contracts.

community alliance chairperson that a primary and alternate member be appointed to each readiness assessment team. Community alliance members fully participated in remaining readiness assessment visits.

Contracting problems have resulted in further delays in the HomeSafenet system. As reported in our September 2004 report, the department was unable to provide data from its HomeSafenet system for 6 of the program's 18 legislative performance measures. This hindered the department's ability to adequately monitor lead agency performance. The system also lacked data to comply with certain federal and state requirements. To address these problems, the department had selected a contractor to complete HomeSafenet by December 2005.<sup>7</sup>

However, subsequent to a vendor protest, the department re-bid the HomeSafenet contract. Vendors will set a timeframe for completing HomeSafenet in their proposals. The department plans to award the new contract in 2005. It will be important for the department to timely award the contract and closely monitor the contractor's performance to ensure that HomeSafenet implementation is completed within budget and deadlines.

The department has increased the level of technical assistance it provides to lead agencies, but has not implemented a process for tracking lead agencies' requests for technical assistance. Tracking lead agency technical assistance requests is critical to the department's ability to proactively identify and address statewide training needs. Lead agencies often need help in addressing complex funding issues and changes in federal and state requirements.

Since our September 2004 report, the department has provided training to lead agency and department zone staff on invoicing, federal funding, and cost allocation plans. In addition, the program office has contracted with a consultant to work directly with several

lead agencies that have experienced problems.<sup>8</sup> However, the department is not systematically tracking technical assistance requests. The department also has not developed a technical assistance website to make information readily available to lead agencies, although it committed to establishing such a website in its response to our September 2004 report. Program managers said that by June 2005, they will complete an implementation plan for developing a website that tracks requests and serves as a clearinghouse for technical assistance information.

The department is in the process of implementing a system to monitor lead agency viability. The financial health of community-based lead agencies is a key component to their long-term success in delivering services and ensuring that children are protected and resources are used efficiently and effectively. The importance of this factor recently has been demonstrated when the department terminated two lead agency contracts due to management and/or financial problems.

In our September 2004 report, we noted that the department had not developed a centralized, coordinated process for evaluating lead agency viability. Our report included a list of factors that affect long-term viability, and we recommended that the department consider these factors when developing measures and benchmarks to be used as a system for early identification of lead agency problems.

The department has taken steps to address this problem and is in the process of developing a lead agency viability profile that will include performance measures in areas such as oversight, community participation, staffing, programmatic performance, financial position, and risk management. The department plans to implement the viability monitoring system in March 2005. As the department implements this system, it should also develop criteria for determining when poor performance on a measure warrants further review.

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<sup>7</sup> HomeSafenet is the department's child welfare information system.

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<sup>8</sup> This individual works for the University of South Florida's Louis de la Parte Florida Mental Health Institute and was previously responsible for coordinating the readiness assessment process.

## Challenges in Maintaining a Sustainable System —

To date, two lead agencies have failed and their contracts have been taken over by other lead agencies.<sup>9</sup> In addition, the department has issued mandates for immediate corrective action to two other lead agencies after determining that these agencies are not meeting contract requirements and clients' needs. The department recently has developed a condensed readiness assessment process to use when a lead agency takes over the contract responsibilities of another lead agency. The new process requires a lead agency to develop a transition plan and demonstrate to the department it has the capacity to expand services without adversely affecting its own stability.

As the department continues to shift its focus toward maintaining a sustainable system, it needs to address two key challenges:

- improve its budget allocation methodology and strengthen oversight of eligibility determination for federal Title IV-E funding; and
- further refine its contract monitoring system.

### ***The department needs to improve its budget allocation methodology and further evaluate the accuracy of eligibility determination for Title IV-E funding***

A significant portion of federal funding for child protection (44%) is derived through Title IV-E of the Social Security Act. Title IV-E is an open-ended entitlement program that supports states' out-of-home care services for children who meet certain eligibility criteria, such as having a low family income. Title IV-E provides matching funds for maintaining a child in a licensed foster care placement, providing the necessary administrative functions related to that placement, and conducting staff, foster parent,

and adoptive parent training. These funds can be used only for eligible children placed with eligible providers. Lead agencies must use general revenue and other federal funds such as Temporary Assistance for Needy Families (TANF) to serve children who are not eligible for Title IV-E funding, such as children who receive in-home services.<sup>10</sup>

It is critical that the department and lead agencies maximize Title IV-E earnings in order to leverage limited state funds and help lead agencies remain financially viable. Difficulty in maximizing Title IV-E earnings has been cited as one of the factors contributing to lead agency instability, and has led to budget amendments to enable lead agencies to cover shortfalls.

Two key factors can hinder the ability of lead agencies to maximize Title IV-E funding.

- The department's method for allocating Title IV-E funds to lead agencies needs to take case mix into account.
- The department needs to further evaluate the accuracy of eligibility determination and documentation for Title IV-E funding.

The department needs to take case mix into account when allocating Title IV-E funds to lead agencies. Although lead agencies vary in the proportion of children they serve in out-of-home and in-home settings, the department does not align client mix and funding at the lead agency level. Instead, the department takes a statewide approach by using historical information about services provided and funding sources when establishing lead agency budgets.

However, lead agencies do not serve equal proportions of Title IV-E eligible children due to differences in the client mix in their service areas. For example, department data shows that 50% of the children served by the Sarasota Family YMCA-South are served in out-of-home settings, compared to only 19% of the children served by Families First Network of Lakeview (see Exhibit 1). These differences result from factors such as geographic differences in poverty

<sup>9</sup> In June 2004, Family Continuity Program (Suncoast Region) terminated its contract. The Sarasota YMCA (Suncoast Region) assumed responsibility for services in this area. In December 2004, the Partnership for Families (District 2A) dissolved and Big Bend CBC (District 2B) entered into an emergency contract to manage the lead agency.

<sup>10</sup> The state receives a TANF block grant each year, and uses the funds for child welfare and programs that sustain children and families such as childcare. TANF funds can be used for services for all children who meet financial eligibility criteria.

rates and the propensity of local judges to order children to be placed in out-of-home settings.

**Exhibit 1**  
**The Percentage of Children Served in Out-of-Home Versus In-Home Settings Varies Among Lead Agencies**

| Lead Agency   | Percentage of Children Served Out-of-Home |
|---|---|
| Sarasota Family YMCA, Inc. – South                        | 50%                                       |
| Child and Family Connections                              | 50%                                       |
| Family Support Services of North Florida, Inc.            | 47%                                       |
| Partners for Community-Based Care                         | 44%                                       |
| Hillsborough Kids, Inc.                                   | 42%                                       |
| ChildNet, Inc.  | 37%                                       |
| Nassau County Board of Commissioners                      | 34%                                       |
| Children's Network of SW FL/ Camelot Community Care, Inc. | 32%                                       |
| Sarasota Family YMCA, Inc. - North                        | 32%                                       |
| Family Services of Metro Orlando, Inc.                    | 32%                                       |
| St. Johns County Board of County Commissioners            | 29%                                       |
| Big Bend Community-Based Care, Inc. (District 2B)         | 29%                                       |
| United for Families, Inc.                                 | 29%                                       |
| Partnership for Strong Families, Inc.                     | 28%                                       |
| Big Bend Community-Based Care, Inc. (District 2A)         | 27%                                       |
| Community-Based Care of Seminole, Inc.                    | 27%                                       |
| Clay-Baker Kids Net, Inc.                                 | 26%                                       |
| Heartland for Children, Inc.                              | 23%                                       |
| Kids Central, Inc.  | 20%                                       |
| Families First Network of Lakeview                        | 19%                                       |

Note: This exhibit only includes lead agencies that had fully moved to community-based care by 2004.

Source: Department of Children and Families.

As a result, the department's budget allocation methodology increases the potential for lead agencies to incur budget deficits. Lead agencies must serve all children in need, regardless of whether they are eligible for federal funding. When lead agencies serve fewer Title IV-E eligible children than the department projected, they must use other funding sources, such as general revenue, to provide services to these children. As the lead agencies receive limited

amounts of such funds, they can incur deficits when these funds are exhausted.

In Fiscal Year 2003-04, six lead agencies requested additional funds to cover deficits caused in part by over-projections of Title IV-E funding. The Legislature authorized the department to use \$8.2 million in unrestricted funds to cover these lead agencies' funding shortfalls.

Lead agency deficits due to Title IV-E earning shortfalls are likely to increase for two reasons. First, the federal Title IV-E income eligibility rate is linked to 1996 federal poverty levels and is not adjusted for increases in the cost of living. If family incomes mirror inflation rates and thus increase over time, fewer children will be eligible for Title IV-E funding. As shown in Exhibit 2, the number of Title IV-E eligible clients served by the program decreased from 9,870 to 8,244 (16%) between 2002 and 2004. Second, the program's policy direction has shifted toward keeping children in their homes to the greatest extent possible. As a result, the number of in-home clients increased by 69% over the past three years, rising from 18,389 in 2002 to 31,136 in 2004.<sup>11</sup>

The department has recognized that it needs a better way to allocate Title IV-E funds and has formed a task force to develop a new allocation formula for Fiscal Year 2005-06. A prior attempt to develop such a formula was not successful because it changed the total amount of funds needed for the program. The task force currently is working on another approach to stay within allocation limits. This approach will use indicators that take into account the client mix served by lead agencies. The task force is made up of a district administrator, the department's budget director, and program office and department revenue management representatives. However, the task force has not set a due date for establishing a methodology nor does it include lead agency representation.

<sup>11</sup> Data presented are from January 31, 2002, through January 31, 2004. More recent client information was not used for comparative purposes because it is not comparable to prior data. The department made adjustments to the more recent data to re-classify some clients.

**Exhibit 2****The Number of Children Served by Title IV-E Funds Has Decreased, While the Number of Children Served In-Home Has Increased**

| Client Groups       |                                 | Time Periods  |               |               |
|---------------------|---------------------------------|---------------|---------------|---------------|
|                     |                                 | 01/31/2002    | 01/31/2003    | 01/31/2004    |
| Out-of-Home Clients | Title IV-E Ineligible           | 10,812        | 3,967         | 4,475         |
|                     | Title IV-E Eligible             | 9,870         | 8,005         | 8,244         |
|                     | Title IV-A Emergency Assistance | 5,207         | 4,411         | 1,914         |
|                     | <b>Total</b>                    | <b>25,889</b> | <b>16,383</b> | <b>14,633</b> |
| In-Home Clients     | TANF Eligible                   | 11,015        | 10,362        | 20,778        |
|                     | TANF Ineligible                 | 7,374         | 8,470         | 10,358        |
|                     | <b>Total</b>                    | <b>18,389</b> | <b>18,832</b> | <b>31,136</b> |

Source: Department of Children and Families.

The department needs to further evaluate the accuracy of eligibility determination for federal Title IV-E funding. Obtaining federal reimbursement for foster care is a complex and cumbersome process that involves documenting that the child meets Title IV-E eligibility criteria and is receiving eligible services. As shown in Exhibit 3, the judicial system, lead agencies, and department employees are all involved in this process.

To be eligible for funding, department child protective investigators must document that efforts were made to prevent removal of the child from his or her home and that remaining in the home is contrary to the best interests of the child. Child welfare services legal attorneys, in turn, must collect and provide this information to the judicial system for legal determination that the child was appropriately removed. Federal Title IV-E requirements also specify that court orders must include explicit language that it is contrary to the welfare of the child to remain in the home. The case worker must obtain a number of supporting documents, including documentation of deprivation of parental support, financial need, and proof of continuous eligibility. In addition, the child must be placed in a fully licensed foster home or child caring facility.

**Exhibit 3****Many Entities Are Involved in the Title IV-E Eligibility Determination Process**

| Responsible Party                            | Title IV-E Requirements for Determining a Child's Funding Eligibility  |
|--|--|
| Department Child Protective Investigators    | Child Protective Investigators document that efforts were made to prevent removal of the child and that remaining in the home is contrary to the best interests of the child.  |
| Department Child Welfare Legal Services      | Child Welfare Legal Services attorneys prepare shelter petitions for court proceedings regarding removal of children from their homes, including legal documentation that remaining in the home is contrary to the best interest of the child and that reasonable efforts were made to prevent removal. <sup>1</sup>                                     |
| Judicial System                              | Judges must provide court rulings containing explicit language indicating that continued placement in the home is "contrary to the welfare" of the child. This includes a determination that reasonable efforts were made to prevent removal.  |
| Lead Agencies                                | Lead agency revenue maximization units coordinate gathering of paperwork and create a file documenting Title IV-E requirements, including court orders and documentation of need (deprivation and financial resources). <sup>2</sup> The revenue maximization units forward the file to the department's Economic Self-Sufficiency (ESS) program office. |
| Department Economic Self-Sufficiency Program | Department Economic Self-Sufficiency Program staff review the documentation file provided by revenue maximization units, and make final determination of eligibility for Title IV-E funding.   |

<sup>1</sup> The Office of the Attorney General provides Child Welfare Legal Services in Broward and Hillsborough counties, and the state attorney provides these services in Pinellas County.

<sup>2</sup> In some areas of the state, the district or zone office performs the revenue maximization function.

Source: OPPAGA analysis.



Failure to accurately document eligibility for Title IV-E funding can be costly to the state, which must refund ineligible payments found during federal audits. The Florida Auditor General's office conducts a federally required audit of Title IV-E case files each year. The federal government also conducts similar testing every three years. Any questioned costs resulting from these audits are subject to repayment to the federal government. Florida's next audit by the federal government, to be conducted in 2007, will be the first audit that assesses case files under a child welfare system that is entirely outsourced to lead agencies.<sup>12</sup> Accuracy in eligibility determination and documentation will be critical, as this audit will impose a stricter accuracy standard than has been used in the past.<sup>13</sup> A higher level of error than the allowable rate would also result in a follow-up audit, which would increase the state's financial exposure.

The department provides training and conducts quality assurance reviews to address accuracy in the Title IV-E eligibility determination process. The Child Welfare/Community-Based Care Program Office's revenue maximization unit conducts quality assurance reviews to assess the accuracy of eligibility determination for federal funding.<sup>14</sup> In addition, the program office's quality assurance unit conducts reviews that focus primarily on compliance with federal and state programmatic requirements. However, the quality assurance unit recently has created a more comprehensive quality assurance tool that also incorporates eligibility requirements. This tool can be used to identify state and zone level performance strengths and weaknesses. Both

quality assurance efforts involve reviewing case files to determine compliance with various requirements.<sup>15</sup> These reviews provide some useful information about compliance with various Title IV-E eligibility requirements, such as whether court orders include required language.

However, the department could strengthen its quality assurance efforts by collecting more Title IV-E specific data that identifies the degree of error and the extent to which the various parties involved in the eligibility determination process made mistakes. Department managers could use this data to target entities needing technical assistance or other corrective action to improve accuracy. To do so, the department should modify its quality assurance data collection instruments to better determine the types of errors that occur and which entities are responsible for errors. For example, the instruments could include indicators to assess whether

- lead agencies provided complete and accurate application materials to Economic Self-Sufficiency staff upon which to make an eligibility determination;
- lead agency invoices show that lead agencies have accurately documented that they made allowable Title IV-E expenditures;
- lead agencies are maintaining complete files for each child eligible for Title IV-E funding, including annual re-determinations of eligibility;
- lead agencies make data entry errors that result in data mismatches in HomeSafenet and the Interim Child Welfare Services Information System;
- Economic Self-Sufficiency employees are timely in returning Title IV-E applications to the lead agencies with an eligibility determination; and
- Economic Self-Sufficiency employees make an accurate determination of eligibility for

<sup>12</sup> The state's last federal audit of the Title IV-E program was conducted in 2004 of case files from 2003. In 2003, the majority of the casework was still performed by the department.

<sup>13</sup> The most recent federal audit reviewed 80 IV-E cases statewide for the period April 1, 2003, to September 30, 2003, and used a standard that allowed errors in a maximum of eight cases. The auditors found that four of the 80 cases reviewed had ineligible IV-E payments for the time period being reviewed. An additional 14 cases had ineligible payments outside the review period. Because the federal government requires repayment for any error found, Florida was required to repay \$205,733 for these cases. The next federal audit will occur in 2007 and will use a standard that allows errors in only four cases.

<sup>14</sup> Due to other department priorities, the revenue maximization unit has not conducted quality assurance reviews since 2003. The department plans to resume a review schedule in March 2005.

<sup>15</sup> The quality assurance unit also obtains stakeholder input about the quality of service delivery.

Title IV-E funding based on the documentation filed by lead agencies.<sup>16</sup>

The department should also evaluate data at the statewide level to assess the state's overall performance in Title IV-E eligibility determination. This information could be used to establish baseline performance data, determine which types of errors occur most frequently, identify steps in the process upon which to focus training, and determine the effectiveness of corrective actions in improving accuracy.

When strengthening Title IV-E quality assurance, the department should also ensure that cases sampled represent all of the program's major service components. Currently, the quality assurance unit's samples are based on the total number of children served, but are not stratified to adequately evaluate performance for individual client groups. For example, a recent review assessed 66 client files for one lead agency, of which only 5 files were reviewed for Title IV-E eligibility. Using a different approach to sampling may increase the number of cases reviewed and require more staff time to conduct the reviews. However, the expenditure of staff resources is justified given the significant financial risk the state faces in the upcoming federal audit.

### ***The department needs to further refine its contract monitoring system***

As the department's role has shifted from being a primary provider of services to being a purchaser of services, one of the challenges it faces is to effectively monitor lead agency contracts. In December 2004, the department created a monitoring plan that made several changes to how it will procure and oversee contracts. These changes are intended to help ensure consistency across contracts and mitigate duplication of effort. The department's plan clarifies roles and processes and revises procedures for procuring, amending, and monitoring contracts. The plan also designates

which staff will perform each step in the various processes.<sup>17</sup>

One of the more significant changes in the department's monitoring plan is to outsource financial monitoring of contractors. If the department proceeds with outsourcing fiscal monitoring, it will be critical to ensure that it retains the capacity to effectively monitor both fiscal and programmatic aspects of providers. The department's rationale for outsourcing fiscal monitoring is that it lacks sufficient in-house staff with financial monitoring expertise. The department will initially outsource financial monitoring for lead agencies that are experiencing financial difficulties. However, financial and programmatic issues in child protection activities are highly interrelated and substantive problems can be missed if there is not a cohesive monitoring approach that examines both areas. For example, to determine if a lead agency is maximizing federal Title IV-E funds, monitoring staff must examine both Title IV-E financial data and case records to determine whether caseworkers are appropriately determining eligibility and documenting these assessments.

Given the potential for the state to incur large financial penalties if lead agencies fail to maximize Title IV-E funding or violate federal documentation requirements, it would be imperative for the department to carefully manage outsourced fiscal monitoring. The department would need to establish effective mechanisms to ensure that such contractors effectively carry out their functions and coordinate their activities with the department's programmatic monitoring staff.

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<sup>16</sup> The quality assurance review evaluates whether Economic Self-Sufficiency employees make an accurate determination of eligibility for major federal funding sources, but does not specifically evaluate the accuracy of the determination for Title IV-E funding.

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<sup>17</sup> The department also plans to require a business case plan before procuring any contract. The business case plan will identify the need for the procurement, the scope of work or services to be achieved, the estimated cost and budget available, and a clear basis for the recommendation to procure from an outside vendor. Developing a business plan will help ensure that the department conducts adequate planning and research into the need for an outside vendor and necessary deliverables before starting procurement.



## Conclusions and Recommendations

The department has nearly completed the transition of child protective services to community-based care. As of January 31, 2005, the department had signed 21 services contracts with 19 lead agencies to provide child protective services in 65 counties. It plans to sign a services contract with one additional lead agency in 2005.

The department has improved its transition process. It has ensured that community alliance members participate in readiness assessments, and it is in the process of implementing a system for tracking lead agency viability. However, the department has experienced additional delays in completing the HomeSafenet system and has not implemented a process for tracking technical assistance requests. The department also continues to face challenges in helping lead agencies maximize federal Title IV-E funds and effectively monitoring lead agency contracts.

To better ensure the financial and programmatic success of the community-based care system, we recommend that the department take the actions described below.

- To adequately monitor lead agency performance, the department must have reliable data on all critical performance measures. We recommend that the department timely award the HomeSafenet contract and closely monitor the contractor's performance to ensure that implementation is completed within budget and deadlines.
- Lead agencies need to be able to address complex funding issues and changes in federal and state requirements. We continue to recommend that the department systematically track technical assistance requests. We also recommend that the department complete its technical assistance website to serve as an information clearinghouse for lead agencies.
- As the department implements its lead agency viability profile, we recommend that it develop criteria for determining when poor performance warrants further review.

- To better align funding to lead agency caseloads, the department needs to establish a more effective methodology for allocating federal Title IV-E funds to lead agencies. We recommend its task force examining this issue set a due date for completing its work and include lead agency representation in its deliberations.
- We recommend that the department strengthen its quality assurance efforts by collecting more Title IV-E specific data that identifies the degree of error and the extent to which the various parties involved in the eligibility determination process made mistakes. Department managers should use this data to target entities needing technical assistance or other corrective action to improve accuracy. To do so, the department should modify its quality assurance data collection instruments to expand the indicators used to assess compliance.
- We also recommend that the department evaluate quality assurance data at the statewide level to assess the state's overall performance in Title IV-E eligibility determination. This information could be used to establish baseline performance data, determine which types of errors occur most frequently, identify steps in the process upon which to focus training, and determine the effectiveness of corrective actions in improving performance.
- If the department proceeds with outsourcing its fiscal monitoring of contracts, we recommend that it develop a plan for comprehensively reviewing both the programmatic and fiscal performance of lead agencies. We recommend that this plan clarify which department staff will be responsible for compiling the monitoring results and reviewing results for overlapping problems.

## Agency Response

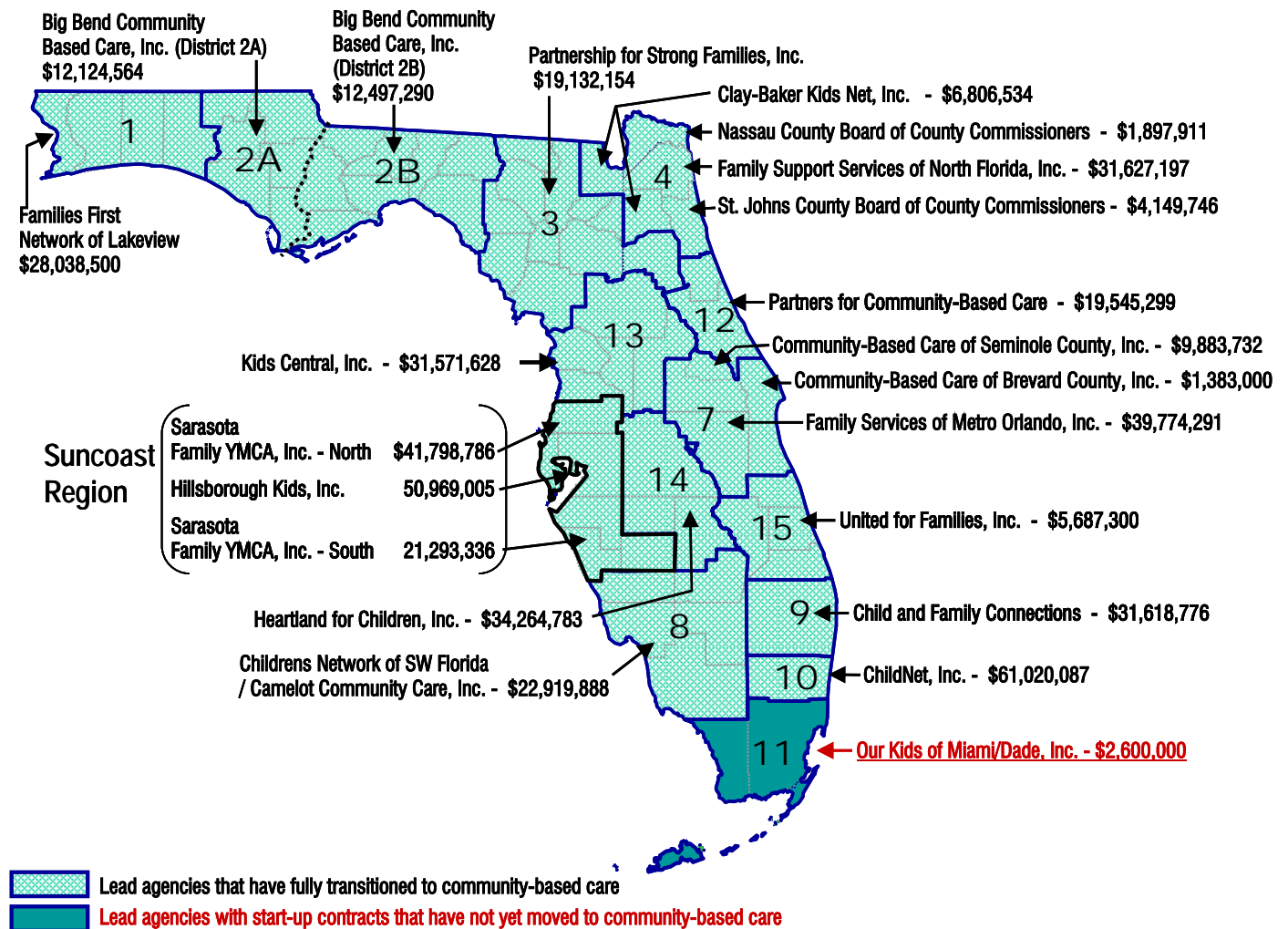
In accordance with the provisions of s. 11.51(6), *Florida Statutes*, a draft of our report was submitted to the Secretary of the Department of Children and Families for review and response.

The Secretary's written response is reproduced in its entirety in Appendix B.

## Appendix A

# Most Areas of the State Have Fully Transitioned to Providing Community-Based Foster Care and Related Services

As shown on the map below, the department has entered into contracts with lead agencies that will provide services in all 67 counties. Nineteen of the lead agencies are providing child protective services, and one lead agency currently has a start-up contract and will transition to service delivery in 2005. The contracts for Fiscal Year 2004-05 total \$490,603,807.



## Appendix B

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**Jeb Bush**  
Governor

**Lucy D. Hadi**  
Secretary

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March 3, 2005

Mr. Gary VanLandingham  
Interim Director  
Office of Program Policy Analysis and  
Government Accountability  
111 West Madison Street, Room 312  
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Thank you for your recent letter providing the preliminary findings and recommendations of your report entitled "Child Welfare Transition Nearly Complete; Budget Allocation and Oversight Systems Need Strengthening."

Enclosed is our response to the findings and recommendations. If your staff has any additional questions, please have them call Beth Englander, Director of Child Welfare and Community Based Care, at (850) 488-8762.

Sincerely,

/s/  
Lucy D. Hadi  
Secretary

FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES  
RESPONSE TO OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT  
ACCOUNTABILITY'S REPORT: CHILD WELFARE TRANSITION NEARLY COMPLETE  
BUDGET ALLOCATION AND OVERSIGHT SYSTEMS NEED STRENGTHENING

**Recommendation:**

To adequately monitor lead agency performance, the department must have reliable data on all critical performance measures. We recommend that the department timely award the contract and closely monitor the contractor's performance to ensure that HomeSafenet implementation is completed within budget and deadlines.

**Department's Response:**

The department will make every effort to award the contract timely and monitor performance to ensure HomeSafenet implementation within budget and deadlines. The department has submitted a proposed Invitation to Negotiate (ITN) for federal approval. The ITN is for a systems integrator to complete the remaining functionality in HomeSafenet.

**Recommendation:**

Lead agencies need to be able to address complex funding issues and changes in federal and state requirements. We continue to recommend that the department systematically track technical assistance requests. We also recommend that the department complete its technical assistance website to serve as an information clearinghouse for lead agencies.

**Department's Response:**

The Child Welfare/Community Based Care (CW/CBC) program office is currently undertaking an innovation and redesign reorganization. As part of this activity, the department is analyzing the functional requirements and resources needed to implement an information clearinghouse and web-based capacity to track technical assistance requests for community based care agencies by June 30, 2005.

**Recommendation:**

As the department implements its lead agency viability profile, we recommend that it develop criteria for determining when poor performance warrants further review.

**Department's Response:**

As stated in the report, the department is in the process of developing and implementing a system to assess lead agency viability in March 2005. The assessment will include a review of organizational, operational, and program performance factors each with established benchmarks for performance based on contractual, statutory, regulatory, or general industry standards. The assessment's processes and procedures will establish an integrated approach to performance analysis and review, beginning at the district/zone level. Standardized criteria for additional review or intervention will be established based on each provider's performance against established benchmarks.

FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES  
RESPONSE TO OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT  
ACCOUNTABILITY'S REPORT: CHILD WELFARE TRANSITION NEARLY COMPLETE  
BUDGET ALLOCATION AND OVERSIGHT SYSTEMS NEED STRENGTHENING

**Recommendation:**

To better align funding to lead agency caseloads, the department needs to establish a more effective methodology for allocating federal Title IV-E funds to lead agencies. We recommend its task force examining this issue set a due date for establishing completing its work and include lead agency representation in its deliberations.

**Department's Response:**

The department concurs with this recommendation. Part of the Title IV-E problem has been the inability to expend Title IV-E funds because of the appropriate policy to move away from out-of-home placements and to use the in-home program. This policy is completely in line with federal Title IV-E and state policy, as well as the Federal Adoption and Safe Family Act, to expedite reunification and permanency. However, in select parts of the state relatively high proportions of children in out-of-home care placements do not qualify for Title IV-E. In other areas the out-of-home caseload is very high and drains Title IV-E and other limited out-of-home care resources.

The department has an organized workgroup engaged in analyzing case mix and funding sources. Throughout the legislative session, the department will share with the Legislature information about the dynamics of changing case mix and funding sources. In the spring of this year, as in the past two years, the program and budget offices will convene stakeholders from around the state to address the allocation process to community based care agencies. The department will consider case mix and availability of funding sources as major components of its development of allocation methods for the Agency Operating Budget (AOB).

This will be considered with any additional funding factors stipulated by the Legislature if it adopts special proviso to achieve additional goals. For the past two years, the CW ICBC program has invited CBC chief executive officers and district administrators to convene when the allocation formulas were developed for the AOB. The same protocol will apply this year when the funding mix issues are addressed. This work will culminate in the production of the FY 05-06 AOB, with a target date of July 1, 2005; this AOB will better align funding allocations and projected case mixes.

**Recommendation:**

We recommend that the department strengthen its quality assurance efforts by collecting more Title IV-E specific data that identifies the degree of error and the extent to which the various parties involved in the eligibility process made mistakes. Department managers should use this data to target entities needing technical assistance or other corrective action to improve accuracy. To do so, the department should modify its quality assurance data collection instruments to expand the indicators used to assess compliance.

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**Department's Response:**

The department concurs with the recommendation. The results of this review will be provided to district administrators and CBC lead agency directors. The group will be asked to give input to the design of a statewide effort to improve Title IV-E foster care and adoption eligibility processes, outcomes and monitoring activities. This will be combined with an improved design for compliance reviews of TANF, SSI, Master Trust and Independent Living funds.

The department will target areas of under performance and make recommendations to district and CBC lead agencies to ensure training and technical assistance are provided to areas in need.

The department has a central office quality assurance tool and a Title IV-E reporting system which can be shared with all districts and CBC's. In addition, field staff are using a multi purpose instrument called the Child Welfare Integrated Quality Assurance Tool (CWIQA) for child welfare programs. This instrument needs further review to assist managers in identifying areas for improvement. This instrument will be updated for the July 1, 2005 release.

**Recommendation:**

We also recommend that the department evaluate quality assurance data at the statewide level to assess the state's overall performance in Title IV-E eligibility determination. This information could be used to establish baseline performance data, determine which types of errors occur most frequently, identify steps in the process upon which to focus training, and determine the effectiveness of corrective actions in improving performance.

**Department's Response:**

The department concurs with this recommendation. The revisions to the CWIQA tool described above will provide information needed to comply with this recommendation. The CWIQA tool will be revised before the new fiscal year. This will be used to establish a baseline and ongoing analysis.

**Recommendation:**

If the department proceeds with outsourcing its fiscal monitoring of contracts, we recommend that it develop a plan for comprehensively reviewing both the programmatic and fiscal performance of lead agencies. We recommend that this plan clarify the department staff responsible for compiling the monitoring results and reviewing results for overlapping problems.

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**Department's Response:**

The contract manager will continue to be responsible for compiling all monitoring results and for the identification of overlapping problems.

The department is actively moving toward implementing an independent fiscal monitor for each CBC contract. Our first step in this process is to conduct a baseline financial review of the CBC's current practices to determine what level of fiscal monitor is needed. The determination of a level will pertain to both frequency of oversight as well as depth of oversight. The department is under contract with James Moore & Co. to visit five CBC locations, during February and March 2005, to conduct a baseline review and develop a financial scorecard to be used at the remaining locations throughout the state.

The department plans to have all of the baseline analyses complete by the end of May 2005 and will be able to roll out the fiscal monitor contracts throughout the state for FY 05-06.

As a result of this oversight activity, and the feedback provided by the semi-annual quality assurance reviews conducted through the use of the CWIQA tool, the contract manager and department leadership will have a better perspective as to related issues and how to best improve conditions that can lead to poor performance.



## *The Florida Legislature*

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