

**DEPARTMENT OF CHILDREN AND  
FAMILY SERVICES**

**COMMUNITY-BASED CARE PILOT PROGRAM  
FISCAL AND ADMINISTRATIVE MONITORING**

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Operational Audit

July 2007 through June 2008  
and Selected Actions through September 2008



## SECRETARY OF THE DEPARTMENT OF CHILDREN AND FAMILY SERVICES

The Department of Children and Family Services is created by Section 20.19, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. Since the inception of the pilot program in July 2006, the following individuals served as Secretary:

| Secretary          | Dates of Service                    |
|--------------------|-------------------------------------|
| Lucy D. Hadi       | September 2004 through January 2007 |
| Robert Butterworth | January 2007 through August 2008    |
| George Sheldon     | August 2008 through present         |

The audit team leader was Samantha Colbert, CPA, and the audit was supervised by Mary Stewart, CPA. Please address inquiries regarding this report to Jane Flowers, CPA, Audit Manager, by e-mail at [janeflowers@aud.state.fl.us](mailto:janeflowers@aud.state.fl.us) or by telephone at (850) 487-9136.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

## DEPARTMENT OF CHILDREN AND FAMILY SERVICES

### Community-Based Care Pilot Program

### Fiscal and Administrative Monitoring

#### SUMMARY

Chapter 2006-30, Laws of Florida, created a three-year pilot program under which independent, nongovernmental third-party entities were to be engaged by the Department of Children and Family Services (Department) to conduct fiscal, administrative, and programmatic monitoring of the lead agencies serving Miami-Dade, Monroe, and Broward Counties. In response to the requirements of Chapter 2006-30, Laws of Florida, the Department contracted with Abel & Associates to provide fiscal and administrative monitoring and contracted with the Chapin Hall Center for Children at the University of Chicago to provide programmatic monitoring of the applicable lead agencies, ChildNet and Our Kids. Chapter 2006-30, Laws of Florida, directed the Auditor General and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to perform an evaluation of the pilot program.

This operational audit of the Department focused on the effectiveness of the fiscal and administrative monitoring provided for the lead agencies in the pilot program and covered the period July 2007 through June 2008, and selected actions through September 2008. Our audit disclosed that the fiscal and administrative monitoring approach authorized under the pilot program continued to meet the requirements of the Department and the lead agencies.

#### BACKGROUND

Florida Law<sup>1</sup> requires the Department to outsource the provision of foster care and related services Statewide by contracting with several community-based care lead agencies. The intent of the lead agency system of care is to provide increased local community ownership of service delivery and design. In response to the requirements of Section 409.1671, Florida Statutes, the Department contracted with ChildNet, Inc., (ChildNet) to serve Broward County and Our Kids of Miami-Dade/Monroe, Inc., (Our Kids) to serve Miami-Dade and Monroe Counties. The contract period for both contracts began on July 1, 2006, and ends June 30, 2009. The contracts, as amended, provide for payments during the contract period of \$198,735,191 for ChildNet and \$289,206,730 for Our Kids.

Chapter 2006-30, Laws of Florida, created a three-year pilot program under which independent, nongovernmental third-party entities were to be engaged by the Department to conduct fiscal, administrative, and programmatic monitoring of the lead agencies serving Miami-Dade, Monroe, and Broward Counties. In response to the requirements of Chapter 2006-30, Laws of Florida, the Department contracted with Abel & Associates to provide fiscal and administrative monitoring and contracted with the Chapin Hall Center for Children at the University of Chicago to provide programmatic monitoring of ChildNet and Our Kids. The monitoring objectives stated in the Abel & Associates contract were to: (1) obtain an ongoing independent monitoring of the lead agency's compliance with administrative and fiscal requirements; and (2) provide each lead agency an opportunity to have an independent professional opinion and associated recommendations to improve effectiveness and efficiency of administrative and financial processes. The contract provides that the Department is to periodically monitor the performance of Abel & Associates.

<sup>1</sup> Section 409.1671, Florida Statutes.

Chapter 2006-30, Laws of Florida, directed the Auditor General and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to perform an evaluation of the pilot program. The focus of our audit was on the effectiveness of the fiscal and administrative monitoring of the pilot program lead agencies. OPPAGA has a project underway involving the evaluation of the programmatic monitoring of the lead agencies in the pilot program.

## FINDINGS AND RECOMMENDATION

In our initial report on the fiscal and administrative monitoring provided under the pilot project (audit report No. 2008-072), we disclosed that the fiscal and administrative monitor had been selected in the manner authorized by law, the monitoring services provided were consistent with contractual requirements, both the Department and the lead agencies were satisfied with the monitoring provided under the pilot, and records indicated that the monitor's recommendations had been timely implemented by the lead agencies. In audit report No. 2008-072, we also included two recommendations. First, we recommended that the process used to select any future contractor employ competition and second, we recommended that the monitoring plan be amended to address service tasks on a schedule and scope that is risk-based.

In performing this follow-up evaluation of the pilot program, we addressed the following questions:

- Did the fiscal and administrative monitoring conducted by Abel & Associates continue to meet the requirements of the Department and the lead agencies?
- To what extent have the recommendations in audit report No. 2008-072 been implemented?

### **Did the fiscal and administrative monitoring conducted by Abel & Associates continue to meet the requirements of the Department and the lead agencies?**

Section 2 of Chapter 2006-30, Laws of Florida, requires that monitoring be conducted in a manner jointly agreed to by the lead agencies and the Department. We found that the Department and the lead agencies had jointly agreed to a monitoring approach and that approach is reflected in the Department's contract with Abel & Associates, which lists the reports that must be delivered and service tasks that must be performed throughout the term of the contract. Upon inception of the contract, an annual monitoring plan was developed by Abel & Associates to outline when each of the service tasks would be reviewed. Service tasks identified in the contract include, for example, expenditure review services, Title IV-E eligibility determination process review services, data security reviews, and inventory reviews. In August 2008, as recommended in audit report No. 2008-072, the monitoring plan was revised based on the consideration of various risk factors and the monitoring results as of that date. In completing each applicable service task, Abel & Associates was to utilize sample sizes that would provide for no less than a 90 percent confidence with a 10 percent margin of error.

Recommendations developed by Abel & Associates were disclosed in the monthly reports and were identified as either a contract compliance or a best practice recommendation. The status related to the implementation of any corrective action was tracked for all recommendations in each monthly report. In addition to providing the monitoring reports, Abel & Associates also participated in monthly meetings with board members, Department staff, and lead agency staff to review all recommendations and the status of recommendations that had not been resolved.

Our interviews of Department management, including circuit administrators, the Assistant Secretary for Administration, and the Director of Contracted Client Services, disclosed that, overall, the Department continued to be satisfied with the monitoring provided thus far during the pilot. Additionally, our interviews of lead agency staff, including the Chief Financial Officers, disclosed that the lead agencies, ChildNet and Our Kids, were satisfied with the monitoring services provided under the pilot.

We also reviewed the effectiveness of the steps taken to ensure timely implementation of the monitoring report recommendations. We found that effective processes were in place.

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**To what extent have the recommendations in audit report No. 2008-072 been implemented?**

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In audit report No. 2008-072, two recommendations were made. They were:

- The process used to select any future contractor should employ competition.
- The monitoring plan should be amended to address service tasks on a schedule and scope that is risk-based.

The contract term with the fiscal and administrative monitor ends June 2009. Our current review disclosed that the Department was considering whether to assume the fiscal and administrative functions upon the expiration of the contract and utilize the Department's monitoring methodologies or whether to continue with a contracted fiscal and administrative monitor.

As indicated above, as recommended, the contract was amended in August 2008 resulting in a revised risk-based monitoring plan for the 2008-2009 fiscal year.

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**Recommendation: Should the Department pursue the engagement of a contractor to perform the fiscal and administrative monitoring, we continue to recommend that the selection be accomplished using competitive means.**

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the period July 2007 through June 2008, and selected actions through September 2008. In conducting our audit we:

- Interviewed the Department's regional administrator and circuit contract managers, Our Kids management, ChildNet management, and Abel & Associates principals during site visits conducted in October 2008.
- Interviewed senior management at Department headquarters between June 2008 and November 2008.
- Reviewed board minutes for ChildNet and Our Kids for the period June 2008 through September 2008.
- Reviewed Abel & Associates monitoring reports and recommendations for the period July 2007 through September 2008.
- Examined final invoices and year-end reconciliations relating to payments to ChildNet and Our Kids for the period ended June 2008.
- Obtained an understanding of the Department's monitoring controls and observed, documented, and tested key processes and procedures related to fiscal and administrative monitoring.

- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

**AUTHORITY**

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA  
Auditor General

**MANAGEMENT'S RESPONSE**

In a response letter dated January 12, 2009, the Secretary concurred with our audit findings and recommendation. The Department's response is included as Exhibit A.

EXHIBIT A  
MANAGEMENT'S RESPONSE



State of Florida  
Department of Children and Families

Charlie Crist  
Governor

George H. Sheldon  
Secretary

January 12, 2009

Mr. David W. Martin, Auditor General  
Office of the Auditor General  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Thank you for your December 19 letter accompanying the preliminary and tentative findings and recommendations regarding the Community-Based Care Pilot Program Fiscal and Administrative Monitoring, for the period July 2007 through June 2008. The Department concurs with your recommendation that any future fiscal monitoring contractors be selected using competitive means.

If you have questions regarding these responses, please contact Mr. Elwood McElhaneey, Comptroller, at (850) 488-4798.

Sincerely,

A handwritten signature in cursive script, appearing to read 'George H. Sheldon', is written over a horizontal line. Below the signature, the name and title are printed.

George H. Sheldon  
Secretary

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