

PERFORMANCE AUDIT
OF THE
FAMILIES FIRST OF MICHIGAN PROGRAM
FAMILY INDEPENDENCE AGENCY

July 1998

EXECUTIVE DIGEST

FAMILIES FIRST OF MICHIGAN PROGRAM

INTRODUCTION

This report, issued in July 1998, contains the results of our performance audit* of the Families First of Michigan Program*, Family Independence Agency (FIA).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The FIA Division of Community Supportive Services is responsible for operating the Program. The Program is an in-home services alternative for children who are at imminent risk* of out-of-home placement because of substantiated child abuse*, child neglect*, or delinquency*. The protection of children is one of FIA's core responsibilities as identified in its mission* statement:

To help meet the financial, medical, and social needs of individuals and families unable to provide for themselves; to assist those who are capable of becoming self-sufficient through skill building, opportunity enhancement, and family-focused services; and to help protect children and vulnerable

* See glossary on page 35 for definition.

adults from abuse, neglect, exploitation, and endangerment.

Also, the Program assists in the early return of certain children who have been removed from their homes. FIA contracts with government and private social service agencies to provide Program services Statewide.

Program services are available to eligible families 24 hours a day, seven days a week, for four to six weeks primarily in the family's home. Services are directed at crisis intervention, problem resolution, and skill building with linkages to community resources at the end of the intervention* . Services are to be designed to help strengthen and preserve the family. Contract agency caseworkers are required to follow up on the status of the family at 3-, 6-, and 12-month intervals.

As of September 30, 1997, FIA had entered into 64 contracts with 37 contract agencies to provide Program services. FIA had 13 employees (family preservation specialists, administrators, and support staff) overseeing the Program. The contract agencies had approximately 448 employees (caseworkers, administrators, and support staff) implementing the Program. FIA reported that it expended approximately \$19.1 million in the fiscal year ended September 30, 1997 to provide Program services Statewide.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of the Program.

Conclusion: We concluded that the Program has generally been effective in providing a safe alternative to

* See glossary on page 35 for definition.

the out-of-home placement of children who are at imminent risk of being removed from the home. However, our assessment disclosed one reportable condition* related to the evaluation of Program effectiveness (Finding 1).

Noteworthy Accomplishments: The Program has shown that it can be a cost-effective alternative to out-of-home placement for certain eligible children. The reported cost of a family receiving Program services averaged \$4,367 in fiscal year 1996-97 compared to the reported per child cost of foster care of \$12,384 and institutional care of \$56,206. Thus, intensive efforts to safely maintain a child in the parent's home when the child is at imminent risk of out-of-home placement can result in significant savings to the State.

Audit Objective: To assess the effectiveness of the Program in developing and implementing relevant service plans for families with children at imminent risk of removal from their homes and in protecting these children.

Conclusion: We concluded that the Program was generally effective in developing service plans, providing intensive in-home services to referred families, and protecting children in their homes. However, our assessment disclosed one material condition* :

- FIA frequently referred cases to the Program that may not have met eligibility guidelines (Finding 2).

FIA agreed and will comply with our corresponding recommendation.

* See glossary on page 35 for definition.

In addition, we identified other reportable conditions in the areas of establishment of goals for individual family interventions, parent cooperation, contract agency case management, specific assistance funds, and safeguarding of Children's Protective Services case files (Findings 3 through 7).

Noteworthy Accomplishments: The Program places a high priority on the safety of children. As a result, contract agency caseworkers receive extensive initial and ongoing training to help ensure that child safety is considered throughout an intervention. Also, these caseworkers spend, on a daily basis, a significant amount of their time in the families' homes working with the parents and monitoring the safety of the children. Our case reviews confirmed that the contract agencies we visited gave child safety a high priority. It would not be reasonable to expect that FIA could ensure that all children in the Program will always be protected from harm.

Audit Objective: To assess the effectiveness of FIA's contracting and monitoring processes for the Program's contract agencies.

Conclusion: FIA established an effective contracting process to help ensure that contracts with private agencies are bid, reviewed, and awarded on an equitable and competitive basis. However, FIA's monitoring process for contract agencies was generally ineffective. Our assessment disclosed one material condition:

- FIA had not established or implemented a system to provide for comprehensive oversight and monitoring of the Program (Finding 8).

FIA agreed and will comply with our corresponding recommendation.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Families First of Michigan Program. The audit scope included the examination of case files and other records at six county FIA offices located in Berrien, Clare, Kalamazoo, Ogemaw, Saginaw, and Wayne Counties and eight contract agencies that provided services in the six counties. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included examination of FIA and contract agency Program records and activities for the period October 1, 1994 through September 30, 1997.

We reviewed applicable State and federal laws and FIA policies and procedures. We assessed the internal control structure* pertaining to contracting for services, processing of payments, and the oversight and monitoring process. We analyzed and documented the basic design of the Program, and we reviewed trends in Statewide foster care rates.

We assessed Program implementation based on a random sample of cases from the six county FIA offices and eight contract agencies. We reviewed the case files for safety of the children during intervention and evaluated the referral process, including documentation of imminent risk. We also reviewed the Program's definition of success and the

* See glossary on page 35 for definition.

results of an external study of the Program that was completed in 1995. In addition, we assessed FIA workers' satisfaction with the Program.

During our case reviews, we determined the frequency of the families' past involvement with FIA and contract agencies. We also determined to what extent the referring caseworkers were involved in managing the referred cases during intervention. We analyzed how contract agencies established goals for the families, provided services to the families, documented participation and cooperation by the families, and determined the outcome of interventions.

We reviewed the processes used to solicit and evaluate bids and award contracts. We also reviewed the systems developed for contract agencies as well as the systems developed for FIA to oversee the Program.

AGENCY RESPONSES

Our audit report includes 8 findings and corresponding recommendations. FIA's preliminary response indicated that it agreed and will comply with our recommendations.

Mrs. Marva Livingston Hammons, Director
Family Independence Agency
Grand Tower
Lansing, Michigan

Dear Mrs. Hammons:

This is our report on the performance audit of the Families First of Michigan Program, Family Independence Agency.

This report contains our executive digest; description of program; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after the release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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Description of Program

The Division of Community Supportive Services, Family Independence Agency (FIA), is responsible for program development, awarding of competitively bid contracts, and oversight and monitoring activities for the Families First of Michigan Program. The Program was established by the Legislature in 1988 to provide an in-home services alternative to out-of-home placement of children because of substantiated child abuse, child neglect, or delinquency. The Program, which was started as a demonstration project in 16 counties, was expanded Statewide in October 1992. The Program supports FIA's efforts to comply with a federal mandate to take reasonable efforts* to prevent the unnecessary out-of-home placement of children.

The protection of children is one of FIA's core responsibilities as identified in its mission statement:

To help meet the financial, medical, and social needs of individuals and families unable to provide for themselves; to assist those who are capable of becoming self-sufficient through skill building, opportunity enhancement, and family-focused services; and to help protect children and vulnerable adults from abuse, neglect, exploitation, and endangerment.

The Program was designed as an intensive service which is to be available 24 hours a day, seven days a week, for four to six weeks and is provided primarily in the family's home. County FIA caseworkers from Children's Protective Services, Delinquency, and Foster Care programs are responsible for referring eligible families to the Program based on specific eligibility criteria. Generally, caseworkers from contracted social service agencies are to provide services to no more than two families at a time and provide a mixture of services directed at crisis intervention, problem resolution, and skill building, along with linkages to other community resources at the end of the intervention. Contract agency caseworkers provide services in the home so that they may monitor the safety of children in the home through almost daily contact. Services are to be designed to help strengthen and preserve the family. Contract agency

* See glossary on page 35 for definition.

caseworkers are required to follow up on the status of the family at 3-, 6-, and 12-month intervals.

Goals of the Program include:

1. Safety of the child
2. Prevention of unnecessary out-of-home placements
3. Improved family functioning
4. Cost effectiveness

To be eligible for the Program, a family is required to have at least one child who is at imminent risk of an out-of-home placement because of substantiated child abuse, child neglect, or delinquency. Foster care workers can, under certain circumstances, also refer children who are in out-of-home care and are being reunited with their families. This is to provide for a smooth, early transition back into their homes. Children in foster care are only eligible for referral to the Program when it is determined that reunification is not appropriate without intensive services. At least one parent must agree to participate in the intervention.

As of September 30, 1997, FIA had entered into 64 contracts with 37 government and private social service agencies to provide Program services throughout the State. These contract agencies participate in an extensive and ongoing training program. Contract agency caseworkers are trained to follow the Homebuilders Model* (the Program's Model) and are required to follow specific documentation standards to help ensure consistent implementation of the Program on a Statewide basis.

As of September 30, 1997, FIA had 13 employees (family preservation specialists, administrators, and support staff) overseeing implementation of the Program and monitoring activities of the FIA county offices and contract agencies. The contract agencies had approximately 448 employees (caseworkers, administrators, and support staff) implementing the Program. FIA reported that it expended approximately \$19.1 million in the fiscal year ended September 30, 1997. This included \$18.5 million for contract agencies to provide Program services Statewide and approximately \$619,000 for Program administration.

* See glossary on page 35 for definition.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of the Families First of Michigan Program, Family Independence Agency (FIA), had the following objectives:

1. To assess the effectiveness of the Program.
2. To assess the effectiveness of the Program in developing and implementing relevant service plans for families with children at imminent risk of removal from their homes and in protecting these children.
3. To assess the effectiveness of FIA's contracting and monitoring processes for the Program's contract agencies.

Audit Scope

Our audit scope was to examine the program and other records of the Families First of Michigan Program. The audit scope included the examination of case files and other records at six county FIA offices located in Berrien, Clare, Kalamazoo, Ogemaw, Saginaw, and Wayne Counties and eight contract agencies that provided services in the six counties. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures were performed between March and November 1997 and included examination of FIA and contract agency Program records and activities for the period October 1, 1994 through September 30, 1997.

To accomplish our objectives, we reviewed applicable State and federal laws and FIA policies and procedures. We assessed the internal control structure pertaining to contracting for services, processing of payments, and oversight and monitoring of county FIA offices and contract agencies' implementation of the Program. We surveyed

county FIA workers responsible for referring clients to determine their satisfaction with the Program. We obtained statistical information from the Protective Services Management Information System, the Children's Services Management Information System, and the Families First Management Information System. We also obtained data from other computerized systems. We analyzed this information and data to identify trends and potential problems. We developed reading forms to facilitate case readings in the six county FIA offices and contract agencies.

In connection with our first objective, we analyzed and documented the basic design of the Program, and we reviewed trends in Statewide foster care rates. We assessed Program implementation based on a random sample of 184 Program cases selected from the six FIA county offices and eight contract agencies. We reviewed case files for safety of the children during intervention and evaluated the referral process, including documentation of imminent risk. We also reviewed the Program's definition of success, including the safety of the child(ren), avoidance of child placement outside of the parents' (parent's) home, and other potential measures of success. We assessed FIA workers' satisfaction with the Program. We reviewed the results of an external study of the Program that was completed in June 1995.

In connection with our second objective, we reviewed a random sample of 184 family case files, selected from the six county FIA offices, of families who were referred for Program services to determine the frequency of the families' past involvement with FIA and contract agencies. We also determined to what extent the referring caseworkers were involved in managing the referred cases during intervention. We analyzed how contract agencies established goals for the families, provided services to the families, documented participation and cooperation by the families, and determined the outcome of interventions. In addition, we documented and reviewed the systems which provide initial and ongoing training to contracted employees to protect the integrity of the Program's Model and to ensure Program consistency.

In connection with our third objective, we reviewed the processes used to solicit and evaluate bids and award contracts. We also reviewed the systems developed for contract agencies to perform self-evaluations and to establish a peer-review process as well as the systems developed for FIA to oversee the Program.

Agency Responses

Our audit report contains 8 findings and corresponding recommendations. FIA's preliminary response indicated that it agreed and will comply with our recommendations.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require FIA to develop a formal response to our audit findings and recommendations within 60 days after release of the report.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS OF THE PROGRAM

COMMENT

Background: The Families First of Michigan Program is an alternative available to Family Independence Agency (FIA) staff to provide services to referred families with children at imminent risk of out-of-home placement as a result of substantiated child abuse, child neglect, or delinquency. Also, the Program assists in the early return of certain children who have been removed from their homes. To protect the child(ren), intensive in-home services are to be provided that are designed to eliminate the crisis that caused the referral to the Program. The family may be referred for longer term services to help correct the family's underlying problems. In part, the Program defines success in terms of the number of children remaining safely in their parents' (or relatives') homes at 3-, 6-, and 12-month intervals after intervention services were completed.

Audit Objective: To assess the effectiveness of the Program.

Conclusion: We concluded that the Program has generally been effective in providing a safe alternative to the out-of-home placement of children who are at imminent risk of being removed from the home. However, our assessment disclosed one reportable condition related to the evaluation of Program effectiveness.

Noteworthy Accomplishments: The Program has shown that it can be a cost-effective alternative to out-of-home placement for certain eligible children. The reported cost of a family receiving Program services averaged \$4,367 in fiscal year 1996-97 compared to the reported per child cost of foster care of \$12,384 and institutional care of \$56,206. Thus, intensive efforts to safely maintain a child in the parent's home when the child is at imminent risk of out-of-home placement can result in significant savings to the State.

FINDING

1. Evaluation of Program Effectiveness

FIA did not establish sufficient quantifiable performance measures* and obtain complete and reliable outcome* data to enable Program management to perform a comprehensive assessment of Program effectiveness.

Measuring and evaluating program effectiveness is an important function of management. Without comprehensive and accurate measures of program performance, management cannot objectively identify program weaknesses, recommend changes to improve program effectiveness, or accurately report program success.

The Program has taken a number of positive actions in recent years to address Program effectiveness. These actions included the hiring of a quality assurance coordinator, development of a Families First Self-Evaluation Handbook for contract agencies, and contracting for an independent study of the Program's effectiveness. Also, the Program has begun to gather information primarily on two contract requirements: the number of out-of-home placements prevented and the projected savings through avoidance of foster care placements. However, our review identified areas in which FIA management can improve how it defines, measures, and reports Program effectiveness:

- a. FIA did not establish sufficient quantifiable performance measures by which Program effectiveness could be evaluated.

Establishing performance measures and gathering outcome data related to protecting children from additional harm, family achievement of intervention goals, parental cooperation during intervention, and maintaining the family intact would significantly improve management's ability to evaluate the Program's effectiveness.

* See glossary on page 35 for definition.

- b. FIA classified the results of interventions in which children were removed from their parents' homes and placed with relatives the same as when children remained in their parents' homes.

Our review of 184 randomly selected cases disclosed that 17 (9%) of the cases resulted in the placement of the children with relatives during the 12 months subsequent to the intervention. Although the safety of the children was preserved, these outcomes were not the result of positive actions by the parents for whom intervention services were provided. As a result, the Program achieved its goal of protecting the children by providing an alternative placement with "extended" family members, but it did not achieve the goal of keeping the immediate family intact. The separate measurement and reporting of the number of children placed with relatives as a result of Program interventions would provide a more accurate and fairer representation of the Program's effectiveness.

- c. FIA did not measure the success of each intervention based on whether the family was cooperative or on whether the family achieved the defined goals of the intervention.

Our review of 184 randomly selected cases disclosed that 75 (41%) of the families did not achieve their goals or make sufficient progress. Despite the parents' lack of cooperation or their achievement of goals, FIA classified the case as a successful intervention if the children remained in their parents' or relatives' homes. The parents' lack of cooperation during an intervention and the attainment of defined goals should be considered when FIA evaluates the Program's effectiveness.

- d. FIA did not obtain complete and reliable data to determine the actual number of children remaining out of foster care. As a result, FIA's ability to measure Program effectiveness was significantly reduced.

Contract agencies are required to report the status of a family at 3-, 6-, and 12-month intervals after intervention services are completed. However, contract agencies often did not report this information. As a result, 19%, 29%, and 44% of the data fields were blank for these intervals, respectively, in the

Families First Management Information System. Therefore, FIA obtained foster care placement information from FIA's automated Children's Services Management Information System, which our prior audits have found to be often unreliable and inaccurate.

- e. FIA did not have a process to identify and track the status of families who were referred but did not receive Program services because of the lack of service openings.

Program participation is based on the availability of contract agency caseworkers. Generally, contract agency caseworkers manage no more than two active cases at a time to help ensure that these high-risk families receive appropriate services. As a result, the number of service openings are limited.

FIA reports Program service utilization on a quarterly basis. However, county FIA offices did not record and report cases not referred because of the lack of openings. For the period October 1, 1996 through September 30, 1997, FIA reported that contract agency utilization rates ranged from 38% to 103%. Statewide, the Program utilization rate was 80%. An evaluation of cases not referred because of a lack of service openings would provide management with pertinent information to better allocate Program resources between county offices and help ensure the effective utilization of contract agency staff.

The preceding examples cite additional performance measures and outcomes that FIA could use to enhance its efforts to measure and improve Program effectiveness.

RECOMMENDATION

We recommend that FIA establish sufficient quantifiable performance measures and obtain complete and reliable outcome data to enable Program management to perform a comprehensive assessment of Program effectiveness.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation in those areas where it is determined to be practical and feasible. FIA reported that it collects uniform data that meets the objectives of evaluating program effectiveness related to child

safety, cost effectiveness, and avoidance of unnecessary out-of-home placement; however, no formal reports are prepared.

EFFECTIVENESS IN DEVELOPING AND IMPLEMENTING SERVICE PLANS AND PROTECTING CHILDREN

COMMENT

Background: The Families First of Michigan Program requires county FIA offices to refer families to the Program based on specific eligibility criteria. Contract agencies are then expected to provide intensive services to the families to help prevent the out-of-home placement of the children. Parents are expected to participate in the identification of family strengths and weaknesses and in the development of goals to be achieved during the four- to six-week intervention. Also, each family is expected to actively participate in services provided throughout the intervention. At the end of the intervention, the family may be referred for additional long-term services to help correct the family's underlying problems and to help keep the family intact.

Audit Objective: To assess the effectiveness of the Program in developing and implementing relevant service plans for families with children at imminent risk of removal from their homes and in protecting these children.

Conclusion: We concluded that the Program was generally effective in developing service plans, providing intensive in-home services to referred families, and protecting children in their homes. However, our assessment disclosed one material condition. FIA frequently referred cases to the Program that may not have met eligibility guidelines.

In addition, we identified other reportable conditions in the areas of establishment of goals for individual family interventions, parent cooperation, contract agency case management, specific assistance funds, and safeguarding of Children's Protective Services case files.

Noteworthy Accomplishments: The Program places a high priority on the safety of children. As a result, contract agency caseworkers receive extensive initial and ongoing training to help ensure that child safety is considered throughout an intervention. Also, these caseworkers spend, on a daily basis, a significant amount of their time in the families' homes working with the parents and monitoring the safety of the children. Our case reviews confirmed that the contract agencies we visited gave child safety a high priority. It would not be reasonable to expect that FIA could ensure that all children in the Program will always be protected from harm.

FINDING

2. Appropriateness of Referrals

FIA frequently referred cases to the Program that may not have met eligibility guidelines.

The Families First of Michigan Handbook (Section I, page 1, Target Population) permits county FIA offices to refer cases involving child abuse, child neglect, and delinquency and certain foster care cases to the Program. Case referrals are made to contracted social service agencies that provide services to the families.

Our review of 184 randomly selected cases from six county FIA offices disclosed that 68 (37%) of the case referrals may not have been eligible for the Program for one or more reasons:

- a. FIA caseworkers referred 24 (13%) cases which we determined did not have imminent risk of removal of a child from a home; therefore, these cases were not eligible for the Program.

The Handbook (Section III, page 3, General Eligibility Guidelines for Referrals) states that there must be imminent risk of removal of at least one child from the home for a case to be eligible for the Program. Imminent risk, as defined by a Program contracted consultant, is the risk that at least one child will be referred to the court system for out-of-home placement within 72 hours.

In one case, for example, two children (ages 10 and 14) were left unsupervised by their mother. The family had extensive past involvement with Children's Protective Services and the mother had not cooperated during

these interventions. The FIA caseworker referred the family to the Program, but there were no openings available at that time. The caseworker did not petition the court to remove the children from the home. This documents that the children were not at imminent risk of removal. Program services were subsequently provided to the family two months later.

- b. FIA caseworkers referred 40 (22%) cases involving chronic child neglect that may not have met Program guidelines.

The Handbook (Section III, page 2, Referral Guidelines - Neglect) states that cases with long-term chronic neglect, where Children's Protective Services has had several different referrals unsuccessfully resolved and/or the children have been in foster care on at least one occasion, are inappropriate referrals.

In one case, for example, a family with 11 prior referrals to Children's Protective Services for child neglect was referred to the Program for the third time. The referring caseworker reported that the level of family dysfunction was very high and that it was unlikely that a short-term intervention could positively impact a family that was involved with Children's Protective Services 11 times and had 2 prior referrals to the Program.

- c. FIA re-referred 31 (17%) cases that may not have been in compliance with Program guidelines.

The Handbook (Section IV, page 1, Re-Referral Process) states that the re-referral process is not to be used to extend services past six weeks and that conditions putting the children at risk are to differ from those conditions that prompted the initial referral to the Program. However, FIA policy does not require caseworkers to document that a re-referral was for conditions different from a previous referral. We noted in our case reviews that the intervention goals established and services provided, such as seeking new housing and paying back rent and utilities, were often similar to services previously provided.

In one case, for example, a family was referred to the Program three times in 19 months. The referrals all involved physical abuse, and the end of the

second and beginning of the third referrals were only 19 days apart. The family's situation and reason for referral to the Program did not differ significantly among the three referrals, and the last referral appeared to have been made to extend services beyond the second intervention, contrary to Program guidelines.

Referring and providing services to families who may not meet the Program's eligibility criteria is an inefficient use of resources, should overstate the Program's success rate, and may reduce the availability of Program services to eligible families.

RECOMMENDATION

We recommend that FIA refer only eligible cases to the Program in compliance with Program eligibility guidelines.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. The finding indicates that potentially ineligible cases were frequently referred to the Program. However, FIA believes that only some of the cases were not properly referred. FIA's review of the 68 cases indicated that many were eligible, although documentation may have been poor. FIA will improve training and contract monitoring no later than October 1, 1998 for county FIA offices and contract agencies to help ensure maximum utilization of funds for eligible families.

EPILOGUE

Documentation provided to us did not support FIA's response that its review of ". . . the 68 cases indicated that many were eligible, although documentation may have been poor."

FINDING

3. Establishment of Goals for Individual Family Interventions

Contract agencies sometimes did not establish goals, provide pertinent skills training, and/or provide services to help correct the families' underlying problems.

The Program is goal-oriented and focuses on skill-building to teach families positive and practical ways to handle life's problems that led to the family crisis. Services are provided to families to reduce the risk of additional harm to children. As part of the casework process, referring FIA caseworkers are to identify the families' problems, and contract agency caseworkers are to work with the parents to develop goals to address those problems. Contract agency caseworkers should then provide the services designed to eliminate the family crisis and refer the families for longer term services to help correct the families' underlying problems.

Our review of 184 randomly selected cases from six county FIA offices disclosed that 37 (20%) of these cases did not establish goals, provide services that corresponded to established goals and program policy, or address training clients in needed skills as follow:

- a. Contract agency caseworkers sometimes did not establish goals related to families' identified problems.

Contract agencies established goals that did not comply with Program requirements for 13 (7%) of the 184 cases. The Handbook (Section I, page 1, Program Characteristics) requires contract agency caseworkers and parents to establish goals which address the problems that led to the referral and will teach the parents the skills necessary to help ensure the safety of the children in the home. The Handbook (Section VII, page 14, Caseflow) also requires that goals be ". . . realistic, measurable, and achievable in four weeks."

In one case, for example, a family was referred to the Program a third time because the parents physically abused the children. The referring FIA caseworker described the father as a person who believed that slapping, spanking, and hitting a child with a belt were appropriate forms of discipline. The contract agency caseworker and the parents set a goal to teach the father alternative methods of discipline and parenting skills to: ". . . increase family stability through establishing limits, intended to reduce the frequency of [the children's] non-compliance and [the father's] use of corporal punishment."

Thus, the established goal did not focus on the identified problem of physical abuse but focused on reducing incidents of the children misbehaviors which would provoke the father and result in physical abuse.

- b. Contract agencies sometimes did not provide services that corresponded to established goals and Program policy.

Contract agencies did not provide services or did not provide appropriate services for 20 (11%) of the 184 cases reviewed in accordance with Program policy. To help ensure that family goals are achieved, the Handbook (Section I, page 1, Program Characteristics) defines skills training services as crisis intervention, family or individual counseling, parenting education, instruction in home management, budgeting, communication, and assertiveness skills. The Handbook also states that the intervention should utilize behavioral and cognitive approaches in working with families to provide them with the training and knowledge they need to stay together.

For example, an FIA caseworker referred a family to the Program a fourth time because of medical and physical neglect. The referring caseworker identified specific changes necessary to avoid the children's placement, including the need to follow through with medical appointments, to improve housekeeping skills, and to purchase three dressers.

The mother denied that her child had a medical problem, and she felt that her home was clean. Therefore, the contract agency caseworker did not provide services which addressed the medical problem and the mother's lack of housekeeping skills. The contract agency caseworker only purchased the three dressers and terminated the intervention after 10 days.

- c. Contract agency intervention services sometimes ignored skills training, concentrating extensively on finding housing for referred families.

Of the 184 cases reviewed, we determined that 19 (10%) involved an intensive search for housing, with little or no skills training to teach the families how to maintain a home or budget for household expenses.

One family, for example, was referred a third time to the Program only nine days after the second referral was closed. The only goal established for the third referral was to locate suitable housing for the family. The second referral

also had a goal pertaining to housing. In both instances, the housing goal was not achieved.

Failure of contract agency caseworkers to establish appropriate goals and provide appropriate skills training and/or services could result in families not achieving long-term solutions to the problems that placed the families in crisis situations. Therefore, the risk of additional harm to the children of families referred to the Program could increase.

RECOMMENDATION

We recommend that the Program ensure that its contract agencies comply with requirements to establish goals, provide pertinent skills training, and/or provide services to help correct the families' underlying problems.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA will work with the contract agencies to ensure that appropriate goals are established and that services are pertinent to those established goals. FIA will stress the need to document any changes and reasons for the change. FIA plans to complete this task by September 30, 1998.

FINDING

4. Parent Cooperation

The Program did not require contract agencies to have referred parents sign service contracts or similar documentation that contained clearly stated intervention goals and objectives to help ensure parental cooperation.

The Handbook (Section I, page 1, Program Characteristics) requires contract agencies to develop "Goals . . . with the family to address problems that led to the crisis" The Handbook (Section III, page 1, General Eligibility Guidelines) also requires the family to respond reasonably or be favorable to the service and attempt to make positive changes to reduce risk to the children involved. The intent of these requirements is to involve the parents in the goal setting process and to motivate the parents to work toward achievement of the goals.

Our review of a random sample of 184 cases from six county FIA offices disclosed:

- a. Contract agencies did not document that the parents were involved in establishing goals in 70 (38%) of the 184 cases. Participation in setting goals and documenting that the parents agreed to the goals should provide some assurance that the parents are aware of problems that need to be addressed and improve their receptiveness to Program services.
- b. Parents did not cooperatively participate in intervention sessions designed to achieve the established goals in 38 (21%) of the 184 cases. Case files documented that the parents refused to attend training and counseling sessions and other classes designed to reduce risks to their children. Parents' failure to fully cooperate during the intervention period significantly reduces the benefits that a family can derive from the Program.

The Program's failure to obtain parental involvement and cooperation is contrary to the Program's Model and, therefore, could increase the risk of additional harm to the children of families referred to the Program.

One of the eight contract agencies visited required the parents of referred families to sign service contracts with clearly stated intervention goals. Based on our review of cases, it appeared that the contract agency's use of a service contract increased parental cooperation. Statewide usage of such contracts would clarify the level of family participation that is required. The contracts would also document to parents the importance of the intervention and the possibility that FIA may recommend to the courts the removal of their children in the event the parents do not cooperate.

The 1995-96 Annual Report of the Children's Ombudsman noted that FIA did not take timely action to prevent child abuse and child neglect in cases in which parents refused to participate in services. The Ombudsman noted that FIA procedures do not require caseworkers to refer cases to law enforcement officials when parents refuse to make themselves available for services. Also, in our October 1997 report on the Children's Protective Services Program, we reported that FIA's failure to take timely or sufficient action against parents who refused to

cooperate in services to prevent further abuse or neglect placed the children involved at risk of further child abuse or child neglect.

RECOMMENDATION

We recommend that the Program require contract agencies to have referred parents sign service contracts or similar documentation that contains clearly stated intervention goals and objectives to help ensure parental cooperation.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA does not feel that service contracts should be required. Contract agencies will be encouraged to document parental cooperation in establishing intervention goals by adopting service contracts or other acceptable alternatives. FIA will develop optional forms and training to support documentation of intervention goals and objectives by October 1, 1998.

FINDING

5. Contract Agency Case Management

Contract agencies frequently did not comply with certain Program case management requirements.

Contract agencies are required by contract to implement specific case management reporting and documentation procedures relating to providing services to referred families in accordance with the Program's Model. Our review of 184 randomly selected cases administered by eight contract agencies disclosed:

- a. Contract agency caseworkers did not submit required referral information forms to FIA caseworkers within four days of FIA's referral for 74 (40%) of the 184 cases.

Program contracts require contract agency caseworkers to submit referral information forms to the FIA caseworker within four days of FIA's initial referral. The referral form contains pertinent case information including specific changes that the contract agency caseworker believes must occur to

avoid removal of a child from the home. Submitting referral forms on a timely basis helps ensure that the intervention goals address a family's problems that were identified by the referring FIA caseworker.

We were informed by contract agency staff that they often hand delivered the referral information forms to FIA offices. However, documentation did not exist to show that these forms were submitted within four days.

- b. Contract agency caseworkers did not document that required contact was made with the referring FIA caseworker within four days of each referral in 28 (15%) of the 184 cases.

Both the contract and the Handbook (Section V, page 5, Worker Role) require a contract agency's caseworkers to keep the referring FIA caseworkers informed, through periodic face-to-face or written communications, of significant intervention developments which occur and of each family's progress toward achieving its goals. The initial contact with the referring FIA caseworker is to be made within four days of the referral to discuss intervention goals and to what extent progress was made in engaging the family. This communication is necessary to provide the referring FIA caseworker with pertinent case information including goals to be established, updates on the family's cooperation, and progress during the planning process.

- c. Contract agency caseworkers did not complete required follow-up evaluations for 34 (18%) of the 184 cases.

FIA's contracts for Program services and the Handbook (Section V, page 4, Worker Role) require contract agency caseworkers to complete follow-up evaluations at 3-, 6-, and 12-month intervals after services are provided to record the status of all children who were identified as "at risk" at the time of a referral. Included in the 34 exceptions that we noted were 5 cases for which two contract agencies did not complete the required follow-ups after either their contract expired or a caseworker had left an agency. The completion of all follow-up evaluations is necessary to permit FIA to evaluate Program effectiveness.

Contract agency compliance with required case management procedures is necessary to help ensure that intervention services are properly provided in accordance with the contract and to help reduce the risk of additional harm to the children of families referred to the Program.

RECOMMENDATION

We recommend that FIA develop methodologies to help ensure that contract agencies comply with Program case management requirements.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA will stress the need to maintain appropriate documentation by county FIA offices and contract agency staff to ensure that there is evidence of compliance. FIA will review and improve, as needed, the methodologies currently in place no later than September 30, 1998.

FINDING

6. Specific Assistance Funds

The Program had not established comprehensive guidelines regarding the use of specific assistance funds.

Contract agencies may expend an average of \$300 per case (\$400 in Wayne County) in specific assistance funds on goods and services needed to assist a family during an intervention. The Handbook (Section I, page 2, Program Characteristics) states that specific assistance funds are available for use in meeting a family's needs that interfere with the family's ability to care for its children. In addition, the funds can be used for services that are not readily available in the community or through FIA. Assistance with housing, clothing, appliances, and food are available as part of the Program's plan to achieve each family's goals. In addition, the Handbook (Section V, page 1, Quality Assurance Efforts - Guidelines for Program Management - Flexible Funds Policy) states that items purchased with specific assistance funds must have some relationship to attaining the goals established for a family. This section of the Handbook also states that: "Consideration should be given to the importance and necessity of the

expenditure in the decision to use specific assistance funds." Contract agencies expend approximately \$1.7 million annually for goods and services.

Our review of 184 randomly selected cases at six county FIA offices disclosed:

- a. A family with more than one Program referral, with the same or similar goals for each referral, received assistance from a contract agency for the same goods and services more than once. We noted that payments were provided more than once for rent, utilities, moving expenses, and appliances (also see Finding 2).
- b. A few families received assistance from contract agencies that did not appear to relate to the stated goals. For example, we noted payments for personal entertainment items, personal appearance services, and miscellaneous living expenses; however, the related intervention goals were child management, anger management, and family management.
- c. Families received assistance from contract agencies that sometimes exceeded amounts provided through other FIA programs. For example, we noted a family of 5 that received \$1,162 in assistance for a housing application, rent, and a security deposit. In contrast, the State Emergency Relief Program limits relocation and moving costs for a family of 5 to a maximum of \$870. The State Emergency Relief Program also limits appliance purchases to once every 10 years.

Comprehensive guidelines for the use of specific assistance funds, including prior approval to use these funds for Program re-referrals, would help ensure that contract agencies do not use these funds for duplicate or inappropriate services and that expenditures are reasonable.

RECOMMENDATION

We recommend that the Program establish comprehensive guidelines regarding the use of specific assistance funds.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA will review the current guidelines for the use of specific assistance funds. Through training and documentation, FIA will attempt to improve compliance and documentation by September 30, 1998.

FINDING

7. Safeguarding of Children's Protective Services (CPS) Case Files

One county FIA office did not comply with the State law and the FIA procedure that require FIA to safeguard CPS case files. As a result, information regarding a number of Program referrals was not available.

Section 722.627 of the *Michigan Compiled Laws* and CPS Services Manual procedure 714, page 15, require county offices to retain case record information for 10 years from the date of receipt of the complaint or until the youngest child victim reaches 18 years of age, whichever is later. The CPS case file is a historical account of complaints, investigations, evidence of child abuse or child neglect, and documentation of services provided to the child(ren) and family. This information supports the need for and the referral to the Program, and the information is critical to investigating additional complaints of child abuse or child neglect involving the family.

During our field visits to six county FIA offices, one office could not locate 10 (22%) of the 45 case files we requested. Therefore, we could not determine if these cases were appropriately referred to the Program. The safeguarding of CPS case files is necessary to ensure confidentiality in accordance with the Child Protection Law (Sections 722.621 - 722.636 of the *Michigan Compiled Laws*).

RECOMMENDATION

We recommend that county FIA offices comply with the Child Protection Law and CPS Services Manual procedure 714 to safeguard CPS case files.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA will remind the county FIA offices of the need to comply with the Child Protection Law and the CPS Services Manual.

EFFECTIVENESS OF CONTRACTING AND MONITORING PROCESSES

COMMENT

Background: As of September 30, 1997, the Program had entered into 64 contracts with 37 government and private agencies to provide Program services. These contracted services included assessing client strengths and weaknesses, working with each family to establish goals for a four- to six-week intervention, and providing services to the family. The contract agencies are also required to determine if the children remained safely in their parents' (or relatives') homes at 3-, 6-, and 12-month intervals after completion of the intervention. Payments to contract agencies for fiscal year 1996-97 were \$18.5 million; therefore, an effective contracting and monitoring process is critical to the Program's success.

Audit Objective: To assess the effectiveness of FIA's contracting and monitoring processes for the Program's contract agencies.

Conclusion: FIA established an effective contracting process to help ensure that contracts with private agencies are bid, reviewed, and awarded on an equitable and competitive basis. However, FIA's monitoring process for contract agencies was generally ineffective. Our assessment disclosed one material condition. FIA had not established or implemented a system to provide for comprehensive oversight and monitoring of the Program.

FINDING

8. Program Oversight and Monitoring

FIA had not established or implemented a system to provide for comprehensive oversight and monitoring of the Program.

As of September 30, 1997, county FIA offices referred families to 37 government and private social service agencies that contracted to provide Program services. In fiscal year 1996-97, contract agencies expended \$18.5 million to provide intensive in-home services to families with children who were at imminent risk of out-of-home placement. Thus, comprehensive oversight and monitoring of county FIA offices' and contract agencies' compliance with Program requirements is necessary to help ensure that the Program operates as designed.

Six family preservation specialists, employed by FIA, and contract agency program managers and supervisors are primarily responsible for Program oversight and monitoring. Our review of their activities disclosed:

- a. FIA specialists and contract agency program managers were not required to conduct specific oversight and monitoring activities.

The Handbook (Section V, page 1, Central Office and Section V, page 2, Program Manager Role) outlines responsibilities of the specialists and program managers. The specialists' duties include planning and Program development and coordination on a regional basis, with a primary focus on contract monitoring and maintaining the integrity of the Program. The program managers' duties include oversight of Program operations and the delivery of services in accordance with Program requirements to maintain the integrity of the Program.

The specialists' and program managers' duties were not well defined and were only recommended in the Handbook. For example, a minimum frequency, such as monthly, for specialists to conduct recommended county FIA site visits or contract agency monitoring visits was not established. Also, program managers "were asked" to review cases (one for each caseworker), without a recommended frequency requirement, as part of their commitment to quality management.

- b. FIA specialists were not required to use standardized monitoring tools, and FIA had not developed standardized forms to facilitate contract agency supervisors in their reviews for compliance with significant contract requirements.

For example, specialists often did not use standardized forms to document the scope of their monitoring visits, including which Program activities or contract requirements were reviewed. Also, because of the lack of supervisory case management monitoring forms, we could not determine whether supervisors conducted comprehensive oversight and monitoring activities.

As noted in Findings 2, 3, and 5, we identified numerous instances of noncompliance with Program and agency contract requirements that a comprehensive oversight and monitoring process should have prevented.

RECOMMENDATION

We recommend that FIA establish and implement a system to provide comprehensive oversight and monitoring of the Program.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA informed us that it has established a committee to review the oversight and program monitoring process. The committee is expected to complete its activities by September 30, 1998. In addition, FIA also informed us that it implemented a self-evaluation process for contract agencies on October 1, 1997.

Glossary of Acronyms and Terms

child abuse	Harm or threatened harm to a child's health or welfare by a parent, legal guardian, or any other person responsible for the child's health or welfare or by a teacher or teacher's aide that occurs through nonaccidental physical or mental injury, sexual abuse, sexual exploitation, or maltreatment.
child neglect	Harm or threatened harm to a child's health or welfare by a parent, legal guardian, or any other person responsible for the child's health or welfare that occurs through either of the following: (1) Negligent treatment, including the failure to provide adequate food, clothing, shelter, or medical care, or (2) Placing a child at an unreasonable risk to the child's health or welfare by failure of the parent, legal guardian, or any other person responsible for the child's health or welfare to intervene to eliminate the risk when that person is able to do so and has, or should have, knowledge of the risk.
CPS	Children's Protective Services.
delinquency	Antisocial or criminal behavior by children or adolescents.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
Families First of Michigan Program	A program that provides an alternative to the out-of-home placement of children because of substantiated child abuse, child neglect, or delinquency when the safety of the children can be reasonably assured. Services are made available to

a family 24 hours a day, seven days a week, for four to six weeks primarily in the family's home. Services are designed to address situations that may have placed the family in a crisis, to help stabilize the family, and to refer the family for longer term services in an effort to strengthen and preserve the family.

FIA

Family Independence Agency.

Handbook

Families First of Michigan Handbook.

**Homebuilders Model
(the Program's Model)**

The model upon which the Families First of Michigan Program was developed. This approach emphasizes family empowerment and the use of a family crisis as a motivation for change. Services are designed to be short-term and very intensive compared with traditional services. Services are available to the family 24 hours a day, seven days a week, for four to six weeks.

imminent risk

The risk that a child will be removed from the parents' care because of serious child abuse, child neglect, or delinquency. For purposes of this review, a child was considered at imminent risk of placement in foster care if FIA caseworkers documented that they planned to file a petition to remove the child within the next 72 hours (three days), as defined by a Program contracted consultant.

**internal control
structure**

The management control environment, management information system, and control policies and procedures established by management to provide reasonable assurance that goals are met; that resources are used in compliance with laws and regulations; and that valid and reliable performance related information is obtained and reported.

intervention	To become involved in a family's dynamics, including the ongoing care of the children in a family involved in child abuse, child neglect, or delinquency to help ensure that the children are adequately protected from additional harm.
material condition	A serious reportable condition which could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the opinion of an interested person concerning the effectiveness and efficiency of the program.
mission	The agency's main purpose or the reason the agency was established.
outcomes	The actual impacts of the program. Outcome should positively impact the purpose for which the program was established.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
performance measures	Information of a quantitative or qualitative nature indicating program outcomes, outputs, or inputs. Performance measures are typically used to assess achievement of goals and/or objectives.
reasonable efforts	Efforts to provide services to families to prevent the out-of-home placement of abused or neglected children.

reportable condition

A matter coming to the auditor's attention that, in his/her judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.