

PERFORMANCE AUDIT
OF
JUVENILE JUSTICE SERVICES
FAMILY INDEPENDENCE AGENCY
April 1999

EXECUTIVE DIGEST

JUVENILE JUSTICE SERVICES

INTRODUCTION

This report, issued in April 1999, contains the results of our performance audit* of Juvenile Justice Services, 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

FIA administers juvenile justice services. The Child and Family Services Administration oversees policy development for services provided to youths and families through FIA's local offices, State-operated residential treatment facilities, and private residential treatment facilities under contract with FIA. The Field Operations Administration oversees delinquency field staff.

The purpose of providing juvenile justice services is to carry out Section 712A.1 of the *Michigan Compiled Laws*, which mandates that each youth under FIA's jurisdiction be provided:

. . . care, guidance and control, preferably in his or her own home, conducive to the juvenile's welfare and the best interest of the state. If a

* See glossary on page 70 for definition.

juvenile is removed from the control of his or her parents, the juvenile shall be placed in care as nearly as possible equivalent to the care which should have been given to the juvenile by his or her parents.

The goals* of juvenile justice services are:

1. To divert youths from the juvenile justice system at the point of entry.
2. To protect the community from harm by youthful offenders.
3. To reduce recidivism* within the juvenile justice system.
4. To assist youths in becoming contributing members of society.
5. To reduce escalation from the juvenile justice system to the adult criminal justice system.

FIA directs adjudicated delinquent youths* through the continuum of treatment services determined to be most appropriate for their individual needs. The treatment services are meant to provide youths and families with the knowledge and skills needed to reduce delinquent behavior, promote appropriate attitudes, and strengthen their capacity for self-sufficiency to enable them to function responsibly in their home communities.

As of March 31, 1998, FIA was responsible for 5,874 delinquent youths. Juvenile justice services were administered by 1,249 employees: 25 central office staff, 198 field staff at local county offices, and 1,026 staff at

* See glossary on page 70 for definition.

State-operated residential treatment facilities and detention centers*. In addition, substantially more staff were employed by private residential treatment facilities and detention centers.

**OVERALL AUDIT
OBJECTIVE AND
CONCLUSION**

Audit Objective: To assess the overall effectiveness of FIA's juvenile justice services.

Conclusion: Based on our individual audit findings, we concluded that FIA's juvenile justice services often were not effective in ensuring the availability of treatment programs, identifying youths' placement and treatment needs, and providing appropriate residential services and community reintegration services* to reduce delinquency.

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

Audit Objective: To assess the effectiveness of FIA's intake and placement process.

Conclusion: We concluded that FIA's intake and placement process was moderately effective; however, our assessment disclosed one material condition*:

- FIA's intake and placement process did not ensure that delinquent youths received the most effective treatment for meeting their assessed needs (Finding 1).

FIA agreed with the finding and recommendation and responded that it has initiated corrective action.

Our assessment also disclosed other reportable conditions* related to both initial risk assessments* and needs assessments* , selection of out-of-State residential treatment facilities, out-of-State residential placements* , delinquency services worker* (DSW) work load

* See glossary on page 70 for definition.

standards, and preparation of intake and placement documents (Findings 2 through 6).

Noteworthy Accomplishments: Effective April 1, 1995, FIA implemented, on a Statewide basis, a structured decision making (SDM) model that was developed in conjunction with the National Council on Crime and Delinquency. The SDM model is based on set standards and systematic criteria and seeks to balance a youth's need for services and the need for public safety.

FIA's SDM model includes the use of standardized tools, such as forms for making initial risk and needs assessments and reassessments, to evaluate the risk and needs of delinquent youths. FIA then assigns treatment resources accordingly. These standardized tools uniformly guide and structure decisions regarding initial placement security level, treatment programs, escalation and de-escalation of placement security level, and placement release*. The SDM model lessens individual discretion and the subjective nature of decisions by organizing decision making criteria to promote greater consistency and equity.

Audit Objective: To assess the effectiveness of private residential treatment facilities in identifying and providing appropriate services to youths placed in their care.

Conclusion: We concluded that private residential treatment facilities sometimes were not effective in identifying and providing appropriate services to youths placed in their care. Our assessment disclosed one material condition:

- FIA had not established a comprehensive continuous quality improvement process to evaluate and improve

* See glossary on page 70 for definition.

the effectiveness of overall juvenile justice services and significant components of those services (Finding 7).

FIA agreed with the finding and recommendation and responded that it has initiated corrective action.

Our assessment also disclosed other reportable conditions related to quarterly risk and needs reassessments, initial and updated service plans*, discharge services plans* and treatment release plans*, and contacts with released youths and final reports (Findings 8 through 11).

Audit Objective: To assess the effectiveness of FIA's contracting for and monitoring of services provided by private residential treatment facilities.

Conclusion: We concluded that FIA was moderately effective in contracting for the services of private residential treatment facilities. However, we concluded that FIA was not effective in monitoring the services provided by private residential treatment facilities. Our assessment disclosed two material conditions:

- FIA did not have an effective process to project and meet bed space needs for delinquent youths (Finding 12).

FIA agreed with the finding and recommendation and responded that it has initiated corrective action.

- FIA did not conduct periodic, comprehensive, on-site monitoring visits at all private residential treatment facilities (Finding 15).

* See glossary on page 70 for definition.

FIA agreed with the finding and recommendation and responded that it will initiate corrective action.

Our assessment also disclosed other reportable conditions regarding contracts with private residential treatment facilities, the per diem* rate-setting process, reimbursement for home visit days, and competitive bidding of contracts with private residential treatment facilities (Findings 13, 14, 16, and 17).

Audit Objective: To assess FIA's efforts to provide youths released from residential treatment facilities with appropriate community reintegration services.

Conclusion: We concluded that FIA's efforts frequently did not provide the youths released from residential treatment facilities with appropriate community reintegration services. Our assessment disclosed two material conditions:

- FIA had not taken effective action to ensure that appropriate community reintegration services were made available and provided to delinquent youths (Finding 18).

FIA agreed with the finding and recommendation and responded that it has initiated corrective action.

- FIA had not developed comprehensive guidelines to help ensure that youths released from residential treatment facilities received appropriate community reintegration services (Finding 19).

FIA agreed with the finding and recommendation and responded that it will initiate corrective action.

* See glossary on page 70 for definition.

In addition, as reported under our second objective, our assessment disclosed a material condition related to the lack of a comprehensive continuous quality improvement process to evaluate and improve the effectiveness of overall juvenile justice services and significant components of those services, including community reintegration services (Finding 7).

Our assessment also disclosed a reportable condition related to DSW contacts and case closure summaries (Finding 20).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records related to juvenile justice services. The audit scope included the examination of case file and other records at six private residential treatment facilities and six Family Independence Agency county offices: Clare, Genesee, Huron, Kalamazoo, Saginaw, and Wayne. The audit scope did not include State-operated residential treatment facilities because of our performance audit of W. J. Maxey Training School, issued in November 1996. 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 an examination of records and activities primarily for the period January 1, 1995 through March 31, 1998.

To accomplish our objectives, we reviewed pertinent FIA policy and administrative rules and interviewed staff at FIA's central office. We visited six private residential treatment facilities and interviewed facility staff. We also visited six FIA county offices and interviewed DSWs and supervisory staff. During these visits, we examined case

files for delinquent youths who were committed* or referred* to FIA between June 1, 1995 and February 28, 1997; placed at private facilities after June 1, 1995 and released by February 28, 1997; released from both private and State-operated facilities to community settings after January 1, 1995 and discharged* from FIA supervision by February 28, 1997; and released to community settings between January 1, 1995 and February 28, 1997. We also examined case files for certain delinquent youths who were placed in out-of-State facilities between January 1, 1997 and October 1, 1997. We established these time frames for our case file review to ensure that we evaluated juvenile justice services' outcomes resulting from FIA's most current program policies.

In connection with our first objective, we evaluated the use of FIA's SDM model and reports pertaining to intake and placement decisions made for selected youths. We assessed the operational practices of the Central Intake Committee*, reviewed FIA's evaluation of out-of-State residential treatment facilities and the rationale for selected out-of-State residential placements, and assessed DSW work loads and related work load standards.

In connection with our second objective, we reviewed selected facility contracts, observed treatment programs, and examined documentation of services needed by and provided to selected youths. Also, we examined risk and needs reassessments, initial and updated service plans, discharge services plans, and treatment release plans. In addition, we reviewed performance indicators*, standards established by FIA, and FIA's management information system.

* See glossary on page 70 for definition.

In connection with our third objective, we assessed the adequacy of FIA's policy and processes for contracting and monitoring the services of private residential treatment facilities. We evaluated contract specifications, the per diem rate-setting process, reimbursements for home visit days, and the competitive bidding of certain contracts. Also, we assessed FIA's efforts to project and meet bed space needs and reviewed FIA's monitoring of private residential treatment facilities.

In connection with our fourth objective, we examined case files of selected youths to determine DSW contacts with youths after their release, the provision of recommended community reintegration services to youths, and the length of time that youths received community reintegration services. We analyzed FIA's records pertaining to community reintegration services available Statewide and the funding available by county. Also, we examined FIA's guidelines for determining appropriate community reintegration services and reviewed performance indicators, standards established by FIA, and FIA's management information system.

AGENCY RESPONSES

Our audit report includes 20 findings and 24 corresponding recommendations. FIA's preliminary response indicated that it agreed with all of the findings and recommendations. Also, FIA's preliminary response indicated that it had initiated a timely and comprehensive corrective action plan. FIA's initiation of such a plan was the result of management's acknowledgment and follow-up of preliminary audit findings during and soon after the completion of our audit fieldwork.

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Mr. Douglas E. Howard, Director
Family Independence Agency
Grand Tower
Lansing, Michigan

Dear Mr. Howard:

This is our report on the performance audit of Juvenile Justice Services, Family Independence Agency.

This report contains our executive digest; description of services; 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 release of the audit report.

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

AUDITOR GENERAL

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TABLE OF CONTENTS

JUVENILE JUSTICE SERVICES FAMILY INDEPENDENCE AGENCY

INTRODUCTION

	<u>Page</u>
Executive Digest	1
Report Letter	11
Description of Services	15
Audit Objectives, Scope, and Methodology and Agency Responses	17

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

Overall Audit Objective and Conclusion	20
Effectiveness of FIA's Intake and Placement Process	20
1. Intake and Placement Process	21
2. Initial Risk and Needs Assessments	25
3. Selection of Out-of-State Residential Treatment Facilities	28
4. Out-of-State Residential Placements	30
5. DSW Work Load Standards	32
6. Preparation of Intake and Placement Documents	33
Effectiveness of Private Residential Treatment Facilities in Identifying and Providing Appropriate Services to Youths	35
7. CQI Process	36
8. Quarterly Risk and Needs Reassessments	40
9. Initial and Updated Service Plans	42

10. Discharge Services Plans and Treatment Release Plans	44
11. Contacts With Released Youths and Final Reports	48
Effectiveness of FIA's Contracting for and Monitoring of Services Provided by Private Residential Treatment Facilities	50
12. Bed Space Needs	51
13. Contracts With Private Residential Treatment Facilities	53
14. Per Diem Rate-Setting Process	55
15. On-Site Monitoring Visits	57
16. Reimbursement for Home Visit Days	59
17. Competitive Bidding of Contracts With Private Residential Treatment Facilities	61
FIA's Efforts to Provide Youths Released from Residential Treatment Facilities With Appropriate Community Reintegration Services	62
18. Community Reintegration Services	63
19. Community Reintegration Services Guidelines	66
20. DSW Contacts and Case Closure Summaries	68

GLOSSARY

Glossary of Acronyms and Terms	70
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Description of Services

The Family Independence Agency (FIA) administers juvenile justice services. The Office of Juvenile Justice and the Purchased Care Division are within FIA's Child and Family Services Administration. Delinquency field staff are located within the Field Operations Administration.

The Child and Family Services Administration oversees policy development for services provided to youths and families through FIA county offices, State-operated residential treatment facilities, and private residential treatment facilities under contract with FIA. The Office of Juvenile Justice, known as the Office of Delinquency Services prior to January 1998, develops policy and programs to serve the needs of youths between the ages of 12 and 20 who have violated the law, are adjudicated delinquent, and are committed or referred to FIA by courts throughout the State. The Office of Juvenile Justice also manages State-operated residential treatment facilities and a day treatment program. The Purchased Care Division is responsible for developing and monitoring contracts with private residential treatment facilities that provide services to delinquent youths and their families. The Field Operations Administration oversees delinquency field staff.

The purpose of providing juvenile justice services is to carry out Section 712A.1 of the *Michigan Compiled Laws*, which mandates that each youth under FIA's jurisdiction be provided:

. . . care, guidance and control, preferably in his or her own home, conducive to the juvenile's welfare and the best interest of the state. If a juvenile is removed from the control of his or her parents, the juvenile shall be placed in care as nearly as possible equivalent to the care which should have been given to the juvenile by his or her parents.

The goals of juvenile justice services are:

1. To divert youths from the juvenile justice system at the point of entry.
2. To protect the community from harm by youthful offenders.

3. To reduce recidivism within the juvenile justice system.
4. To assist youths in becoming contributing members of society.
5. To reduce escalation from the juvenile justice system to the adult criminal justice system.

FIA directs adjudicated delinquent youths through the continuum of treatment services determined to be most appropriate for their individual needs. The treatment services are meant to provide youths and families with the knowledge and skills needed to reduce delinquent behavior, promote appropriate attitudes, and strengthen their capacity for self-sufficiency to enable them to function responsibly in their home communities.

As of March 31, 1998, FIA was responsible for 5,874 delinquent youths. Juvenile justice services were administered by 1,249 employees: 25 central office staff, 198 field staff at local county offices, and 1,026 staff at State-operated residential treatment facilities and detention centers. In addition, substantially more staff were employed by private residential treatment facilities and detention centers.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of Juvenile Justice Services, Family Independence Agency (FIA), had the following objectives:

1. To assess the effectiveness of FIA's intake and placement process.
2. To assess the effectiveness of private residential treatment facilities in identifying and providing appropriate services to youths placed in their care.
3. To assess the effectiveness of FIA's contracting for and monitoring of services provided by private residential treatment facilities.
4. To assess FIA's efforts to provide youths released from residential treatment facilities with appropriate community reintegration services.

Audit Scope

Our audit scope was to examine the program and other records related to juvenile justice services. The audit scope included the examination of case file and other records at six private residential treatment facilities and six Family Independence Agency county offices: Clare, Genesee, Huron, Kalamazoo, Saginaw, and Wayne. The audit scope did not include State-operated residential treatment facilities because of our performance audit of W.J. Maxey Training School, issued in November 1996. 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 July 1, 1997 and April 30, 1998 and included an examination of juvenile justice services' records and activities primarily for the period January 1, 1995 through March 31, 1998.

To accomplish our objectives, we reviewed pertinent FIA policy and administrative rules and interviewed staff at FIA's central office. We visited six private residential treatment facilities and interviewed facility staff. We also visited six FIA county offices and interviewed FIA delinquency services workers (DSWs) and supervisory staff. During these visits, we examined case files for delinquent youths who were committed or referred to FIA between June 1, 1995 and February 28, 1997; placed at private facilities after June 1, 1995 and released by February 28, 1997; released from both private and State-operated facilities to community settings after January 1, 1995 and discharged from FIA supervision by February 28, 1997; and released to community settings between January 1, 1995 and February 28, 1997. We also examined case files for certain delinquent youths who were placed in out-of-State facilities between January 1, 1997 and October 1, 1997. We established these time frames for our case file review to ensure that we evaluated juvenile services' outcomes resulting from FIA's most current program policies.

In connection with our first objective, we evaluated the use of FIA's structured decision making model and reports pertaining to intake and placement decisions made for selected youths. In particular, we reviewed risk and needs assessment tools pertaining to initial placement and treatment decisions. We also observed and assessed the operational practices of the Central Intake Committee. In addition, we reviewed FIA's evaluation of out-of-State residential treatment facilities and the documentation supporting the rationale for selected out-of-State residential placements. Further, we assessed DSW work loads and related work load standards.

In connection with our second objective, we reviewed selected facility contracts to obtain an understanding of treatment programs and related contract requirements. We observed treatment programs and examined documentation of services needed by and provided to selected youths. We examined risk and needs reassessments, initial and updated service plans, discharge services plans, and treatment release plans. Also, we reviewed performance indicators, standards established by FIA, and FIA's management information system for evaluating the effectiveness of services provided to delinquent youths.

In connection with our third objective, we assessed the adequacy of FIA's policy and processes for contracting and monitoring the services of private residential treatment facilities. Our review of contracting included an evaluation of contract specifications,

the per diem rate-setting process, reimbursements for home visit days, and the competitive bidding of certain contracts. Also, we assessed FIA's efforts to project and meet bed space needs at private and State-operated residential treatment facilities and detention centers. Further, we reviewed FIA's monitoring of private residential treatment facilities.

In connection with our fourth objective, we examined and evaluated case files of selected youths to determine DSW contacts with youths after their release, the provision of recommended community reintegration services to youths, and the length of time that youths received community reintegration services. We analyzed FIA's records pertaining to community reintegration services available Statewide and the funding available by county. Also, we examined FIA's guidelines for determining appropriate community reintegration services. Further, we reviewed performance indicators, standards established by FIA, and FIA's management information system for evaluating the effectiveness of community reintegration services.

Agency Responses

Our audit report includes 20 findings and 24 corresponding recommendations. FIA's preliminary response indicated that it agreed with all of the findings and recommendations. Also, FIA's preliminary response indicated that it had initiated a timely and comprehensive corrective action plan. FIA's initiation of such a plan was the result of management's acknowledgment and follow-up of preliminary audit findings during and soon after the completion of our audit fieldwork.

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 audit report.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

OVERALL AUDIT OBJECTIVE AND CONCLUSION

COMMENT

Audit Objective: To assess the overall effectiveness of the Family Independence Agency's (FIA's) juvenile justice services.

Conclusion: Based on our individual audit findings, we concluded that FIA's juvenile justice services often were not effective in ensuring the availability of treatment programs, identifying youths' placement and treatment needs, and providing appropriate residential services and community reintegration services to reduce delinquency.

EFFECTIVENESS OF FIA'S INTAKE AND PLACEMENT PROCESS

COMMENT

Background: The courts commit delinquent youths to FIA for services under Act 150, P.A. 1974, as amended (Sections 803.301 - 803.309 of the *Michigan Compiled Laws*). These youths are State wards. Also, the courts refer certain court wards to FIA for care and supervision under Act 280, P.A. 1939, as amended (Sections 400.1 - 400.130 of the *Michigan Compiled Laws*). These youths remain court wards.

FIA's intake process for both State and court wards includes the use of a structured decision making (SDM) process to evaluate each youth's characteristics pertaining to his/her risk of reoffense, security needs, and treatment needs. Standardized assessment tools are used to provide systematic application of established standards and criteria. Delinquency services workers (DSWs) or, where applicable, other designated personnel are responsible for making the assessments. The placement process for both State and court wards consists of a DSW or, when applicable, one of

two placement committees determining each youth's placement in a community or residential setting.

Audit Objective: To assess the effectiveness of FIA's intake and placement process.

Conclusion: We concluded that FIA's intake and placement process was moderately effective; however, our assessment disclosed one material condition. FIA's intake and placement process did not ensure that delinquent youths received the most effective treatment for meeting their assessed needs.

Our assessment also disclosed other reportable conditions related to both initial risk assessments and needs assessments, selection of out-of-State residential treatment facilities, out-of-State residential placements, DSW work load standards, and preparation of intake and placement documents.

Noteworthy Accomplishments: Effective April 1, 1995, FIA implemented, on a Statewide basis, an SDM model that was developed in conjunction with the National Council on Crime and Delinquency. The SDM model is based on set standards and systematic criteria and seeks to balance a youth's need for services and the need for public safety.

FIA's SDM model includes the use of standardized tools, such as forms for making initial risk and needs assessments and reassessments, to evaluate the risk and needs of delinquent youths. FIA then assigns treatment resources accordingly. These standardized tools uniformly guide and structure decisions regarding initial placement security level, treatment programs, escalation and de-escalation of placement security level, and placement release. The SDM model lessens individual discretion and the subjective nature of decisions by organizing decision making criteria to promote greater consistency and equity.

FINDING

1. Intake and Placement Process

FIA's intake and placement process did not ensure that delinquent youths received the most effective treatment for meeting their assessed needs.

The intake and placement process should provide for each youth's pertinent characteristics to be initially assessed and periodically reassessed. The process should also ensure that the youth is placed in the treatment program that will be most effective, including placement in the least restrictive security level needed to protect both the youth and the community.

FIA's intake and placement process involves a number of parties performing several functions. The intake process for all youths includes the use of standardized risk and needs assessment tools to evaluate each youth's characteristics pertaining to his/her risk of reoffense, security needs, and treatment needs. The placement process consists of the DSW or, when applicable, one of two placement committees determining each youth's placement. DSWs are responsible for directly arranging placements for all court wards placed with FIA for care and supervision, regardless of the youths' assessed security levels, and for all State wards who are assessed at community-based security levels* or low security levels* and are not from Wayne County. Placements for Wayne County State wards assessed at community-based or low security levels are determined by the Private Agency Review Committee*, which consists of representatives from public and private facilities. We did not review the placement procedures used by the Committee.

The Central Intake Committee (CIC), which meets weekly, determines placement for "Act 150 youths" who were adjudicated for felonies* and assessed at medium security levels* or high security levels*. CIC also determines placement for nonfelony offenders that the court has ordered to medium or high security level facilities. CIC's members are representatives from various private residential treatment facilities and FIA. The intent of CIC's process is to informally match treatment programs and security level needs with the youths' characteristics. A placement at a private facility results when a representative from one of the private facilities volunteers to accept a particular youth. When none of the private facilities volunteer to accept a youth, the youth is usually placed at a State-operated facility. Following a youth's initial placement, the DSW or facility staff are to periodically reevaluate the youth's placement through the use of standardized reassessment tools.

* See glossary on page 70 for definition.

Our review of FIA's intake and placement process disclosed:

- a. FIA did not always assess or reassess youths' characteristics.

Initial risk and needs assessments frequently were not prepared, not dated, or not prepared on a timely basis and in compliance with FIA policy (see Finding 2). As a result, FIA could not ensure that youths' security and treatment needs were properly considered and matched with facilities and programs during the initial placement process. Also, untimely initial assessments may result in delaying the placement of youths in residential treatment facilities.

Also, private residential treatment facilities frequently did not prepare risk and needs reassessments in compliance with FIA policy (see Finding 8). As a result, FIA could not ensure that youths' ongoing security and treatment needs were properly considered and matched with facilities and programs.

- b. FIA had not identified the most effective treatment programs, other than specialized programs (such as programs for sexual offenders*, substance abusers* , or youths with severe mental health needs), for particular types of youths.

FIA had not formally evaluated the effectiveness of the various types of treatment programs or attempted to determine whether certain types of treatment programs were more effective for youths with particular characteristics (see Finding 7). As a result, FIA had limited assurance that DSWs or the placement committees (CIC and the Private Agency Review Committee) placed youths in the most effective treatment programs.

We question the propriety of CIC's private facility representatives having the ability to volunteer to accept which youths will be placed in their treatment programs rather than having FIA assign the youths. However, without a formal determination of which treatment programs are most effective for which

* See glossary on page 70 for definition.

type of youths, FIA does not have the ability to make selective placements of youths in the most effective programs.

- c. FIA's placement process did not always ensure the placement of youths at the least restrictive security level as required by FIA policy.

FIA Services Manual item 813.2 states that a youth's placement is to be in the least restrictive, most family-like setting appropriate to the needs of the youth and the youth's family and the interest and safety of the community.

We analyzed security level placements for 60 youths committed or referred to FIA between June 1, 1995 and February 28, 1997. Our analysis determined that FIA placed 31 of the 56 youths for whom initial risk assessments had been completed at facilities designated as having two security levels. Eighteen (58%) of the 31 youths were assessed as needing low security. However, these 18 youths functioned in a medium security environment, which did not comply with FIA Services Manual item 813.2.

- d. FIA frequently did not complete the initial placement of youths into residential treatment facilities' treatment programs in a timely manner.

In accordance with FIA Services Manual item 813.2, FIA's goal is to move youths from detention centers to residential placements within 30 days. We reviewed case files for 60 delinquent youths committed or referred to FIA between June 1, 1995 and February 28, 1997. Forty-two of these youths were placed in detention centers. Nineteen (45%) of the 42 youths were in detention centers for more than 30 days after being committed or referred to FIA, with the average stay in detention centers being 40.5 days.

We were informed that the reason for the delays in initial placements was often the lack of available bed space in residential treatment facilities. The timely placement of youths in treatment programs is important to promptly address the youths' treatment needs and begin their rehabilitation.

RECOMMENDATION

We recommend that FIA review its intake and placement process and take appropriate action to ensure that delinquent youths receive the most effective treatment for meeting their assessed needs.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that, between June 3, 1998 and October 1, 1998, it provided training sessions on the preparation of risk and needs assessments and reassessments. FIA also responded that the Field Operations Administration is performing monitoring and administrative follow-up and, beginning in January 1999, the Purchased Care Division will initiate an annual schedule of on-site visits at private residential treatment facilities. Office of Juvenile Justice staff will participate in the on-site visits. FIA will initiate a direct assignment process at CIC beginning October 1, 1999. Also by October 1, 1999, FIA will reassess its definition of security levels and review security levels at private facilities to ensure that each specific program provides only one security level and that FIA places youths in programs with an appropriate security level. Further, by October 1, 1999, FIA expects to commit the resources necessary to meet the goal to move youths from detention centers to residential placements within 30 days.

FINDING

2. Initial Risk and Needs Assessments

DSWs, in a number of cases, did not prepare, or cause to be prepared, the initial risk and needs assessments for youths in compliance with FIA policy.

FIA Services Manual item 814.1 requires that DSWs or, where applicable, other designated personnel complete an initial risk assessment and an initial needs assessment for each youth after they review all pertinent information regarding the youth and evaluate the youth's family situation. These assessments provide a standardized method of evaluating factors critical to making placement and treatment decisions for each youth. Item 814.1 states: "In all instances, these instruments are to be completed prior to . . . placement, and the DSW must ensure their completion"

The initial risk assessment evaluates the severity of a youth's adjudicated offense and the risk of his/her continued delinquent activity. The assessment also provides a recommendation for the youth's security level placement. The recommended placement may be altered through an override* process when extenuating circumstances indicate that an escalation (increase) or a mitigation (decrease) in a youth's security level is appropriate. Also, the risk assessment is used in the initial treatment decision making process.

The initial needs assessment evaluates a youth's treatment needs. This assessment ensures that certain types of problems are consistently considered, aids in formulating the treatment plan, and is used in making placement decisions.

We reviewed case files for 60 delinquent youths committed or referred to FIA between June 1, 1995 and February 28, 1997. Our review disclosed:

- a. DSWs did not prepare, or cause to be prepared through contact with other designated personnel, initial risk assessments for 4 (7%) of the 60 youths. Also, 10 (18%) of the 56 initial risk assessments completed were not dated. As a result, FIA did not have, or may not have had, the required risk assessments for these youths when it determined the security level for the initial placements.
- b. Twenty-three (41%) of the 56 initial risk assessments completed did not contain evidence of supervisory review or approval, and 10 (43%) of those 23 assessments contained overrides. Supervisory approval is needed to help ensure the accuracy of the preparers' conclusions and it is particularly important when a youth's computed security level is being altered by an override.
- c. DSWs did not prepare, or cause to be prepared through contact with other designated personnel, initial needs assessments for 10 (17%) of the 60 youths. Also, 2 (4%) of the 50 initial needs assessments completed were not dated. As a result, FIA did not have, or may not have had, the required needs

* See glossary on page 70 for definition.

assessments for these youths and may not have appropriately assessed their treatment needs.

- d. For three of the youth identified in items a. and c., DSWs did not prepare, or cause to be prepared, any of the required initial risk and needs assessment. Therefore, FIA may not have properly placed these youths. As a result, these youths or other youths could have been at physical risk or not have received appropriate treatment.
- e. Twenty-one (44%) of the 48 initial needs assessments, which were both completed and dated, were not prepared within 15 working days as required by FIA Services Manual item 813.2. Thirteen (27%) of the 48 assessments were prepared at least 10 days late. The timely preparation of initial needs assessments assists with the initiation of treatment.
- f. In 8 (17%) of the 48 cases in which the youths' initial needs assessments were both completed and dated, the youths were placed in an out-of-home setting prior to the completion of their assessments. As a result, the youths' treatment needs may not have been appropriately considered when determining placement of the youths.

DSWs' compliance with FIA policy regarding initial risk and needs assessments is essential to help ensure that appropriate levels of security and treatment services are provided to all the youths.

RECOMMENDATION

We recommend that DSWs prepare, or cause to be prepared, initial risk and needs assessments for all youths in compliance with FIA policy.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation. FIA responded that, between June 3, 1998 and October 1, 1998, it provided training sessions on the preparation of initial risk and needs assessments and that the Field Operations Administration is reviewing case files to ensure compliance with FIA policy.

FINDING

3. Selection of Out-of-State Residential Treatment Facilities

FIA did not conduct or contract for comprehensive evaluations of out-of-State residential treatment facilities to ensure that those facilities selected to serve Michigan youths complied with FIA policy.

FIA Services Manual item 825 provides criteria for the selection of out-of-State facilities. The criteria are intended to ensure that youths placed in out-of-State facilities receive services which are, at a minimum, equivalent to those the youths would receive if placed in Michigan. Item 825 states that out-of-State facilities must meet Michigan's child care licensing standards in a number of areas, including health, safety, education, family involvement, treatment, staffing levels, training, physical environment, behavior management, and staff qualifications.

To determine FIA's compliance with the required licensing standards, we examined FIA review team reports from site visits to 6 of the 10 out-of-State facilities where delinquent youths from Michigan were placed during calendar year 1997. The reports we examined included those on both initial visits to review the facilities and follow-up visits conducted after the placement of Michigan youths.

We determined that the FIA review teams did not use standardized guidelines when conducting their evaluations of out-of-State facilities. Although the review teams considered various Michigan licensing standards, such as treatment programs, staffing issues, and environmental conditions, none of the evaluations included a comprehensive review of the facilities' compliance with all of the licensing standards required by FIA Services Manual item 825. For example, the reports from site visits to the 6 facilities did not indicate that the reviews included:

- a. Staff training at 4 of the facilities.
- b. The direct care staff to youth ratio at 2 of the facilities.
- c. Written procedures regarding discipline at 2 of the facilities.

- d. The minimum educational or work experience of staff at 1 of the facilities.
- e. Fire safety, restrooms, and shower accommodations at all 6 of the facilities.

Also, the site visit report for 1 of the 6 facilities recommended that certain types of Michigan youth be placed at the facility. However, the report also stated that the facility ". . . could not meet licensing standards in Michigan because of staffing patterns and because of the confrontational nature of the program."

In addition, several review team members informed us that they may have relied upon home state licensing reports to evaluate some licensing standards. However, the site visit reports did not disclose the reliance that review team members placed on home state licensing reports to support the selection of the facilities. FIA staff also informed us that its Keep Improving Delinquency Services (KIDS) Committee discussed the selection of out-of-State facilities with the review team members.

Without a comprehensive evaluation of out-of-State facilities' compliance with Michigan child care licensing standards, FIA cannot ensure the appropriateness of the facilities selected. The State's Department of Consumer and Industry Services evaluates Michigan facilities for compliance with child care licensing standards defined in the *Michigan Administrative Code*. Evaluation of out-of-State facilities' compliance with Michigan child care licensing standards should improve FIA's review and approval process.

RECOMMENDATION

We recommend that FIA conduct or contract for comprehensive evaluations of out-of-State residential treatment facilities to ensure that the facilities selected to serve Michigan youths comply with FIA policy.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that, by March 1, 1999, FIA and the Department of Consumer and Industry Services will initiate a process of licensing review and approval of all out-of-State residential treatment facilities selected to serve Michigan youths.

FINDING

4. Out-of-State Residential Placements

FIA frequently did not comply with its policy requirements regarding the out-of-State residential placement of delinquent youths.

FIA Services Manual item 825 states that placement of delinquent youths in residential programs outside of Michigan is to be requested only when there is a specific treatment rationale. Item 825 requires documentation that a search for an appropriate placement has been conducted and that appropriate treatment could not be provided in a timely manner in Michigan. Also, item 825 identifies other requirements intended to help ensure the propriety of out-of-State residential placements and that youths placed outside of Michigan receive services which are, at a minimum, equivalent to those services they would receive if placed in Michigan.

The number of Michigan youths residing in out-of-State residential treatment facilities during calendar year 1997 ranged from 146 to 175. To assess the propriety of out-of-State residential placements and compliance with FIA Services Manual item 825, we reviewed 10 randomly selected case files for youths placed in out-of-State facilities between January 1, 1997 and October 1, 1997. All 10 case files appropriately contained a court order stating that equivalent facilities were not available in Michigan, the placement was in the best interest of the youth, and the placement would not produce undue hardship. However, our review disclosed:

- a. None of the 9 case files for State wards (1 case file was for a county ward) contained evidence of CIC's certification of the out-of-State residential placement. Item 825 requires that CIC certify, for State wards, that a search of Michigan residential programs was conducted and that no appropriate program could be located that would accept the youths for placement.
- b. Two (20%) of the 10 case files did not contain a completed individual service agreement for the out-of-State residential placement. Item 825 requires the completion of an individual service agreement at the time of each out-of-State residential placement. This agreement outlines the expectations of the out-of-State residential facility regarding compliance with FIA policies in such

areas as telephone contact with parent or guardian, parental visits to campus, and treatment progress reporting requirements.

- c. DSWs did not consistently conduct bimonthly on-site visits for 7 (70%) of the 10 youths. Also, DSWs did not conduct any on-site visits for 3 (43%) of these 7 youths for periods as long as five months. Item 825 requires that DSWs conduct bimonthly on-site visits for out-of-State residential placements to ensure that appropriate services are provided.
- d. Three (30%) of the 10 case files did not contain evidence that the DSW offered assistance to the youths' families in arranging parental visits. Seven case files showed the youths' families visited them; however, 6 (86%) of the 7 case files did not contain evidence that FIA paid for the visits. Item 825 includes provisions for family sessions. DSWs are to assist in arranging parental visits and to reimburse the parents, within established reimbursement rates, for the actual cost of travel and accommodations.

As a result of these instances of noncompliance with policy requirements, FIA had limited assurance as to the propriety of the out-of-State residential placements.

RECOMMENDATION

We recommend that FIA comply with its policy requirements regarding the out-of-State residential placement of delinquent youths.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that, beginning September 1, 1998, FIA zone offices implemented a revised process for reviewing case files for compliance with policy. Also, beginning March 1, 1999, the Office of Juvenile Justice, working with staff from the Purchased Care Division and the Department of Consumer and Industry Services, will initiate periodic on-site visits at out-of-State residential treatment facilities. In addition, FIA will investigate the existence of reimbursement documentation for travel and accommodations and will review out-of-State contract terms regarding parental visits prior to renewal.

FINDING

5. DSW Work Load Standards

FIA had not developed formal work load standards for DSWs that specify their maximum number of case assignments. Therefore, FIA may not have a sufficient number of DSWs to effectively provide services to delinquent youths.

Michigan Administrative Code R 400.6123 established a maximum work load standard of 30 cases per full-time worker for those workers servicing youths placed in foster care, adoption, or independent living. However, work load standards for workers servicing delinquent youths have not been established in the *Michigan Administrative Code* or FIA policy. FIA management informed us that 30 cases per full-time DSW is informally considered a complete work load.

In late 1994, the National Council on Crime and Delinquency conducted a work load study of 800 delinquency cases in two large Michigan counties to determine the amount of time required per case to provide services that meet minimum FIA standards for adequate performance. Based on the study's conclusions regarding the number of hours needed to service various types of delinquency cases and actual worker time available for providing services, we estimate that the maximum work load a DSW could effectively service is approximately 26.7 cases.

Using FIA data on the number of delinquency cases and full-time DSW assignments for the two 2-week periods ended September 20, 1997 and December 27, 1997, we determined:

- a. The Statewide average work load per DSW for the period ended September 20, 1997 was 32.6 cases.
- b. The Statewide average work load per DSW for the period ended December 27, 1997 was 34.2 cases.
- c. The county average work load per DSW for the period ended December 27, 1997 ranged from 11.0 to 47.5 for the 14 counties that had at least two full-time DSWs. Twenty-seven (33%) of the State's 83 counties had DSW work loads of 35 or more cases.

These work load averages indicate that many DSWs throughout the State had delinquency case assignments that exceeded FIA's informal standard of 30 cases and our estimated standard (based on the National Council on Crime and Delinquency study) of 26.7 cases as the maximum work load a DSW could effectively service.

In addition to the number of delinquency cases, other issues that warrant consideration in the development of DSW work load standards include whether the youths are in residential treatment facilities or community setting placements, the proximity of DSW offices to the facilities, responsibility for completing initial risk and needs assessments, responsibility for transporting youths, and the number of out-of-State residential placements.

Formal work load standards would be a useful management tool when assigning cases to DSWs and making county office budgeting and staffing level decisions.

RECOMMENDATION

We recommend that FIA develop formal work load standards for DSWs that specify their maximum number of case assignments.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that it implemented the initial step in a case load weighting process through county staffing allocations effective January 1, 1999. FIA also responded that a detailed study of weighted case loads is underway by the National Council on Crime and Delinquency. FIA will review that study's findings before issuing a finalized weighted case load study.

FINDING

6. Preparation of Intake and Placement Documents

DSWs frequently did not prepare certain intake and placement documents for delinquent youths in compliance with FIA policy.

The FIA Services Manual requires that DSWs prepare various documents for each youth during the intake and placement process. We reviewed case files for certain

intake and placement documents for 60 youths committed or referred to FIA between June 1, 1995 and February 28, 1997. Our review disclosed:

- a. DSWs did not prepare initial placement outline and information records for 2 (3%) of the 60 youths. Also, DSWs did not prepare at least 15 (26%) of the 58 records on a timely basis. In addition, 25 (43%) of the 58 records were not dated and, therefore, we could not determine the timeliness of their preparation.

FIA Services Manual item 813.2 requires that a DSW prepare an initial placement outline and information record within 5 days of FIA accepting responsibility for a delinquent youth. This document records identifying information, such as the youth's name, medical insurance, and parents' address. This information is needed to ensure that services are initiated promptly.

- b. DSWs did not prepare a conditions of placement agreement for 43 (72%) of the 60 youths.

FIA Services Manual item 814 requires that DSWs prepare a conditions of placement agreement for all youth placements other than for detention*, shelter, or an FIA training school. This agreement, which outlines any special conditions set by the court or the DSW, is reviewed with the youth and is used to explain the conditions of the placement to the youth. Also, the agreement is expected to motivate the youth to meet community standards and FIA expectations. The youth indicates an understanding of the placement conditions by signing the agreement.

- c. DSWs did not prepare an individual service agreement for 5 (10%) of the 49 youths who were placed at a private residential treatment facility.

FIA Services Manual item 826 requires that DSWs prepare an individual service agreement for each youth placed at a private residential treatment facility. This agreement lists any specific services that the facility will provide to the youth. Also, FIA Services Manual item 912.3 requires that, except for emergency shelter care, a private residential treatment facility is not to accept

a youth for placement prior to the signing of the individual service agreement by both the facility and the FIA local office director or designee.

RECOMMENDATION

We recommend that DSWs prepare intake and placement documents for delinquent youths in compliance with FIA policy.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that, in 1998, it established a case reading and monitoring responsibility within the Field Operations Administration's management structure.

EFFECTIVENESS OF PRIVATE RESIDENTIAL TREATMENT FACILITIES IN IDENTIFYING AND PROVIDING APPROPRIATE SERVICES TO YOUTHS

COMMENT

Background: FIA contracts with numerous private residential treatment facilities to provide treatment services to delinquent youths. Private facility staff are required to complete quarterly risk and needs reassessments, initial and updated service plans, and discharge services plans when youths are in residential placement. The quarterly reassessments evaluate the appropriateness of the security level of a youth's placement and the youth's remaining treatment needs. The service plans evaluate the youth's strengths and weaknesses, define treatment goals*, evaluate progress toward achieving previously established treatment goals, and are used to establish new treatment goals.

Audit Objective: To assess the effectiveness of private residential treatment facilities in identifying and providing appropriate services to youths placed in their care.

Conclusion: We concluded that private residential treatment facilities sometimes were not effective in identifying and providing appropriate services to youths placed in their

* See glossary on page 70 for definition.

care. Our assessment disclosed one material condition. FIA had not established a comprehensive continuous quality improvement (CQI) process to evaluate and improve the effectiveness of overall juvenile justice services and significant components of those services.

Our assessment also disclosed other reportable conditions related to quarterly risk and needs reassessments, initial and updated service plans, discharge services plans and treatment release plans, and contacts with released youths and final reports.

FINDING

7. CQI Process

FIA had not established a comprehensive CQI process to evaluate and improve the effectiveness of overall juvenile justice services and significant components of those services. As a result, FIA had limited ability to evaluate the effectiveness of the overall services, the individual private and State-operated residential treatment facilities, and community reintegration services programs.

For the fiscal year ended September 30, 1997, FIA distributed approximately \$73 million to 104 private residential treatment facilities. These facilities operated 123 treatment programs and were serving approximately 1,700 delinquent youths at fiscal year-end. FIA also administered 12 State-operated facilities, at a cost of approximately \$63 million annually, which provided 16 treatment programs. These State-operated facilities were serving approximately 760 delinquent youths at fiscal year-end. In addition, for the fiscal year ended September 30, 1997, FIA county offices allocated approximately \$10.4 million of flexible funding to purchase services for delinquent youths in community settings, including community reintegration services programs. The juvenile justice services have grown significantly in recent years and are expected to continue growing.

Program effectiveness can often be measured and improved by establishing a CQI process. A CQI process should include: performance indicators for measuring outputs* and outcomes*; performance standards* or goals that describe the desired level of outputs and outcomes based on management expectations, peer

* See glossary on page 70 for definition.

group performance, and/or historical performance; a management information system to accurately gather actual output and outcome data; a comparison of the actual data with desired outputs and outcomes; a reporting of the comparison results to management; and proposals of program changes to improve effectiveness.

FIA analyzes annual statistical data on certain broad performance indicators, such as the number of delinquent youths FIA has responsibility for and the number of out-of-home placements. Also, as of the completion of our audit fieldwork, FIA was in the process of developing a method to assess the recidivism of the youths released from facilities using an analysis of the Michigan Department of State Police criminal history records to identify any subsequent arrests and convictions. This information will provide broad indicators of rehabilitation performance and recidivism. However, these broad indicators and/or analyses do not isolate performance specific to individual residential treatment facility programs or community reintegration service programs. Therefore, they are of limited usefulness in evaluating such programs or the effectiveness of overall juvenile justice services. Specifically, our review disclosed:

- a. FIA had not established sufficient performance indicators and performance standards by which management could assess the effectiveness of residential treatment facility programs.

FIA places delinquent youths who have a wide variety of risk factors and treatment needs in residential treatment facilities. Risk factors relate to the severity of their adjudicated offense and the risk of continued delinquent activities. Treatment needs range from general to specialized, such as those needed for sexual offenders, substance abusers, and youths with severe mental health needs.

Limited performance indicators and standards established by FIA for private and State-operated residential treatment programs primarily pertain to program completion, educational skills attained, and rearrests after specified periods of time following the youths' release. These performance indicators and standards address the overall performance of the youths placed at a facility without regard to risk factors or treatment needs. Because the

expected level of performance is affected by the youths' risk factors and treatment needs, we conclude that these performance indicators and standards are not sufficient to evaluate the effectiveness of the individual residential treatment facility's programs.

Better defined performance indicators, along with performance standards for each indicator, would allow FIA to assess the effectiveness of individual treatment programs in serving specific types of youths. For example, FIA could compare the performance of facilities operating similar treatment programs and accepting youth with similar risk factors. This comparison would facilitate the identification of treatment programs with substantially higher or lower performance records and assist FIA in identifying which programs are more effective with which types of youths.

- b. FIA had not established sufficient performance indicators and performance standards by which management could assess the effectiveness of community reintegration services programs.

FIA requires the local offices to identify broad performance indicators and standards when requesting funding for community-based programs which include community reintegration services programs. These broad performance indicators and standards pertain to various areas, such as reducing the number of youths in residential placements and reducing the length of stay in such placements by specific amounts. Although somewhat useful as broad indicators of performance for the overall county program, these indicators and standards do not address pertinent and meaningful output and outcome measures that are specific to individual community reintegration services programs.

Better defined performance indicators, along with performance standards for each indicator, would allow FIA to assess the effectiveness of individual community reintegration services programs. For example, performance indicators and standards that pertain to the successful completion of community reintegration services programs should include the extent to which the youths' unmet treatment goals at the time of release from residential treatment facilities were subsequently achieved and other measures of

positive reintegration into the community, such as attending school, obtaining employment, and/or not associating with gangs.

- c. FIA did not have a management information system to record and compile accurate and pertinent data for youths placed at private residential treatment facilities or youths who participate in community reintegration services programs.

FIA maintains the automated Children Services Management Information System* (CSMIS), which includes general information pertaining to all delinquent youth under the supervision of FIA. CSMIS also contains limited Statewide data pertaining to certain delinquent youths.

To supplement information maintained on CSMIS, FIA also maintains the automated Office of Delinquency Services Information System* (ODSIS), which includes information pertaining to certain delinquent youth. However, FIA had not expanded ODSIS to include information pertaining to all youth placed at private facilities or participating in community reintegration services programs. Without a management information system that gathers pertinent information for all youth receiving juvenile justice services, it is not possible to accurately evaluate the effectiveness of the juvenile justice services.

We recognize the complexity of juvenile justice services and the difficulty in assessing performance outputs and outcomes. The large number of FIA county offices, residential treatment facilities, and community reintegration services programs involved in juvenile justice services also add to the difficulty of implementing uniform performance measures. However, without a comprehensive process to evaluate effectiveness, FIA's ability to administer juvenile justice services is significantly diminished. Also, the State Legislature and the Governor have been increasingly demanding, in various appropriations acts and in Executive Directive No. 1996-1, that State programs use quality improvement processes to manage the use of limited State resources.

* See glossary on page 70 for definition.

RECOMMENDATION

We recommend that FIA establish a comprehensive CQI process to evaluate and improve the effectiveness of overall juvenile justice services and significant components of those services.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that, effective October 1, 1998, all contracts covering the purchase of residential and placement services include performance indicators. The Purchased Care Division, working with the Office of Juvenile Justice, will establish expected performance standards. FIA also reported that, since October 1, 1998, FIA contracts with private residential treatment facilities have required the use of ODSIS to collect and report information about youths. FIA expects final implementation of ODSIS by October 1, 2000.

FINDING

8. Quarterly Risk and Needs Reassessments

Private residential treatment facilities frequently did not prepare quarterly risk and needs reassessments for youths in compliance with FIA policy.

FIA Services Manual item 814.1 requires private facilities to complete quarterly risk and needs reassessments when a youth is in residential placement. Quarterly risk reassessments evaluate whether a youth is eligible for a different security level and, in conjunction with other relevant information about the youth's adjustment and treatment progress, are used to determine whether the youth should be moved to a higher or lower security level. Also, risk reassessments are used in treatment decision making and help ensure that each youth is placed in the least restrictive security level appropriate to the needs of the youth and the safety of the community. Quarterly needs reassessments evaluate the youth's remaining treatment needs. The needs reassessments help ensure that certain types of problems are periodically and consistently considered when determining treatment needs and are used by the facility in preparing the youth's ongoing treatment plan.

During our visits to six facilities, we reviewed case files for 60 delinquent youths who were placed at the facilities after June 1, 1995 and released by February 28, 1997. Our review disclosed:

- a. The facilities did not prepare any of the 35 required quarterly risk reassessments for 18 (30%) of the youths. Also, the facilities did not prepare 13 of the 77 required quarterly risk reassessments for 12 (20%) of the youths. As a result, these youths' continued security level may not have been appropriate.
- b. The facilities did not prepare any of the 29 required quarterly needs reassessments for 15 (25%) of the youths. Also, the facilities did not prepare 11 of the 83 required quarterly needs reassessments for 10 (17%) of the youths. As a result, these youths' continued treatment may not have been appropriate.
- c. For 11 of the youths identified in items a. and b., the facilities did not prepare any of the required quarterly risk and needs reassessments. Therefore, these youths may have continued both at security levels and in treatment that were not appropriate.

We also noted that, contrary to FIA policy, the reassessment forms state that completion is voluntary. One facility informed us that it was aware of the FIA policy, but it did not consider completion of reassessments to be a requirement because the reassessment forms state that completion is voluntary. Another facility informed us that it was not aware that FIA policy required facilities to complete quarterly risk and needs reassessments. Also, other facilities stated that they completed the reassessments only when requested to do so by the DSW or when the DSW provided the facilities with prior assessments or reassessments. Further, some facilities indicated that they were not sure as to when the reassessments were due because the quarterly timing does not correspond with the timing of initial and updated service plans.

The facilities' compliance with FIA policy pertaining to the preparation of quarterly risk and needs reassessments is essential to help ensure that appropriate levels of security and treatment services are provided to all youths.

RECOMMENDATION

We recommend that FIA ensure that private residential treatment facilities prepare quarterly risk and needs reassessments for all youths in compliance with FIA policy.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that it provided training sessions to both DSWs and private residential treatment facility staff in 1998 on the preparation of quarterly risk and needs reassessments. FIA also responded that, effective October 1, 1998, FIA established quarterly reassessments as a contractual requirement. Compliance issues are to be forwarded to the Purchased Care Division, and FIA expects to reach final compliance by October 1, 2000.

FINDING

9. Initial and Updated Service Plans

Private residential treatment facilities frequently did not prepare initial and updated service plans in accordance with the *Michigan Administrative Code* and FIA policy.

Michigan Administrative Code R 400.4336 and R 400.4337 require that private residential treatment facilities complete an initial service plan for each youth within 30 days of admission and an updated service plan every three months following the initial service plan. An initial service plan is to include an evaluation of the youth's strengths and weaknesses as they relate to the youth's needs, specific treatment goals to remedy the youth's problems, action steps for the youth, and staff techniques for achieving the treatment goals. Updated service plans are to include an evaluation of a youth's progress toward achieving treatment goals established in the previous service plan and any changes in the service plan, including new problems and new goals to remedy the youth's problems. FIA Services Manual item 813.3 also contains similar provisions regarding the completion of initial and updated service plans.

To help identify service plan treatment goals, FIA Services Manual item 814.1 requires that DSWs complete an initial needs assessment for all youths. Item 814.1 requires that facilities complete quarterly needs reassessments when a youth is in a residential placement. The standardized initial needs assessment and reassessment forms consist of questions in 12 treatment categories. Treatment categories include family relationships, emotional stability, substance abuse, victimization, and peer relations. Each question is to be answered and a point value is assigned to each response. Item 814.1 states that any treatment category with five or more points constitutes a treatment need that must be addressed as a treatment goal in the youth's initial and updated service plans.

During our visits to six private residential treatment facilities, we reviewed initial and updated service plans for 60 delinquent youths who were placed at the facilities after June 1, 1995 and released by February 28, 1997. Our review disclosed:

- a. The facilities did not include 22 (13%) of the 167 treatment needs identified on youths' needs reassessments as treatment goals in updated service plans. As a result, 16 (27%) of the youths had at least 1 treatment need identified on a needs reassessment that was not included in the youths' updated service plans.
- b. The facilities did not document why 22 (6%) of 392 treatment goals, established for 10 youths, were excluded from the youths' subsequent updated service plans. As a result, the youths' progress or lack of progress in achieving the 22 treatment goals could not be determined.
- c. Two of the six facilities did not state conclusions in their service plans as to whether the youths' activities and related progress resulted in achieving their treatment goals. This affected 13 (22%) of the youths in our test.

Several of the facilities established treatment goals that often were not stated in terms consistent with the initial needs assessment and reassessment forms. As a result, it was sometimes difficult to determine which treatment goals pertained to which treatment needs. To facilitate FIA's efforts to ensure that treatment goals address identified treatment needs, FIA should consider requiring facilities to use

terminology that is consistent with the initial needs assessment and reassessment forms when stating treatment goals and related action steps in service plans.

Service plans formalize the youths' treatment goals and action steps to achieve these goals. Defining appropriate treatment goals is critical to ensuring that a youth's treatment plan focuses on the treatment needs pertinent to rehabilitating the youth. A quarterly assessment of treatment progress is also critical to evaluating the appropriateness of a youth's continued placement at a facility and the youth's readiness for release to a community setting. In addition, service plans are often used to demonstrate to a court a youth's treatment progress in achieving specific goals that directly relate to changing the behavior that led to the youth's placement and to the youth's readiness for release.

RECOMMENDATION

We recommend that FIA ensure that private residential treatment facilities prepare initial and updated service plans in accordance with the *Michigan Administrative Code* and FIA policy.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that, effective October 1, 1998, FIA established initial and updated service plans as a contractual requirement. The Field Operations Administration will monitor compliance, and FIA expects to reach full compliance by October 1, 2000. The Purchased Care Division will follow up reports of noncompliance and require corrective action plans from private facilities with significant noncompliance.

FINDING

10. Discharge Services Plans and Treatment Release Plans

FIA did not require private residential treatment facilities to prepare timely and comprehensive discharge services plans that were comparable to treatment release plans prepared by State-operated facilities. Also, private and State-operated residential treatment facilities frequently did not prepare discharge services plans and treatment release plans in accordance with the *Michigan Administrative Code* and FIA requirements.

Michigan Administrative Code R 400.4338 requires that both private and State-operated residential treatment facilities complete a discharge services plan for each youth within 14 days of his/her release from residential care. Discharge services plans are to include the reason for the release from residential care, an evaluation of the remaining previously identified treatment needs of the youth, and recommendations regarding services and placements to meet the remaining needs of the youth. DSWs are to use the information provided in discharge services plans when arranging reintegration services for youths. FIA Services Manual item 813.2 also refers to discharge reports.

Our review disclosed:

- a. FIA did not require that private facilities prepare discharge services plans that were as timely and comprehensive as treatment release plans prepared by State-operated facilities.

Chapter 3.4 of the ODSIS Information System Operations Handbook requires that State-operated facilities complete a treatment release plan, rather than the discharge services plan. The treatment release plan provides the DSW with more timely release information and contains, in addition to the information required in the discharge services plan, comprehensive information about a youth's treatment progress and reintegration services needed. Specifically, the State-operated facilities are to prepare treatment release plans within five working days of a youth's release and the plan is to include an evaluation of a youth's progress on certain standard goals, including behavioral, school, attitudinal, and family goals. Also, these plans are to include an evaluation of a youth's need for particular types of reintegration services detailed on a standard checklist.

We question the practice of requiring less timely and comprehensive discharge or release documents for youths released from private facilities than for youths released from State-operated facilities. Preparation of the most timely and comprehensive document possible at the time of release for all youths, regardless of the type of facility, should benefit both the youths and FIA.

- b. Private and State-operated facilities frequently did not prepare complete and/or timely discharge services plans and treatment release plans in accordance with requirements.

During our visits to six FIA county offices, we reviewed discharge services plans and treatment release plans prepared by facilities for 80 youths who were released from both private and State-operated residential treatment facilities to community settings after January 1, 1995 and subsequently were discharged from FIA supervision by February 28, 1997. Our review of the discharge services plans and treatment release plans disclosed that the private and State-operated facilities:

- (1) Did not prepare discharge services plans and treatment release plans for 5 (8%) of 60 and 1 (5%) of 20 youths, respectively.
- (2) Did not prepare discharge services plans and treatment release plans within required time frames for 11 (20%) of 55 and 9 (47%) of 19 applicable youths, respectively.
- (3) Prepared discharge services plans and treatment release plans that did not include the reason for the youths' release for 5 (9%) of 55 and 4 (21%) of 19 applicable youths, respectively.

Also, private and State-operated facilities' discharge services plans and treatment release plans recommending reintegration services frequently recommended a contractor rather than identifying the type of reintegration services needed to address remaining treatment needs. As a result, DSWs could not determine whether the facilities were recommending general supervision, such as mentoring or tracking, or a specific service, such as anger or substance abuse counseling.

- c. Private residential treatment facilities' discharge services plans frequently did not address all of the youths' remaining treatment needs. Also, discharge service plans sometimes recommended reintegration services for undocumented needs.

During our visits to six private facilities, we also reviewed case files for 60 youths who were placed at the facilities after June 1, 1995 and were released by February 28, 1997. This review included an examination of discharge services plans and initial and updated service plans prepared by each facility. Our review disclosed:

- (1) Private facility discharge services plans did not include an evaluation of 47 (21%) of the 227 treatment needs remaining as of the youths' last updated service plans. The 47 treatment needs pertained to 24 youths.
- (2) Private facility discharge services plans did not disclose if reintegration services were recommended for 40 (60%) of the 67 treatment needs that were evaluated as remaining at the time of the youths' release from residential care. These remaining treatment needs applied to 12 youths.
- (3) Private facility discharge services plans for 5 (8%) of the youths contained recommendations for reintegration services for treatment needs not included in each youth's last updated service plan.

Timely and complete preparation of discharge services plans and treatment release plans is necessary to provide DSWs with needed information so that the DSWs can accurately determine and arrange reintegration services to address the youths' remaining treatment needs as soon as possible after release.

RECOMMENDATIONS

We recommend that FIA require private residential treatment facilities to prepare timely and comprehensive discharge services plans that are comparable to the treatment release plans prepared by State-operated facilities.

We also recommend that FIA ensure that private and State-operated residential treatment facilities prepare discharge services plans and treatment release plans in accordance with the *Michigan Administrative Code* and FIA requirements.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendations and responded that it is engaged in an effort to standardize discharge services plans used by private and State-operated residential treatment facilities, with a target date for implementation of October 1, 2000. The Purchased Care Division will review private facility discharge services plans and require corrective action plans from private facilities with significant noncompliance. Office of Juvenile Justice staff will review discharge services plans prepared by State-operated facilities during biannual on-site visits.

FINDING

11. Contacts With Released Youths and Final Reports

Private residential treatment facilities frequently did not maintain and/or document contact with released youths. Also, facilities frequently did not prepare final reports for released youths.

FIA Services Manual item 912.5 and private residential treatment facility contracts require that facilities maintain contact with youths released from the facilities to family settings for the first 60 days following the youths' release. The contacts are to include at least one home visit per month by facility staff. The purpose of these contacts is to assist the youths and their families in reestablishing family equilibrium.

Item 912.5 and facility contracts also require the facilities to submit final reports to FIA within 90 days of the youths' release. The purpose of these reports is to update case file information through the 60-day transition period. The reports should include a record of family contacts, facility and family activities to achieve unmet treatment goals, and an assessment of the youth/family situation at the end of the 60-day transition period.

During our visits to six private facilities, we reviewed case files for 60 youths who were released to family settings between January 1, 1995 and February 28, 1997. Our review disclosed:

- a. Twenty (33%) of the 60 case files did not contain documentation that the facilities had made any contact with the 20 youths during the 60-day period after their release. Also, 6 (10%) of the 60 case files documented that the facilities had conducted only one home visit for each of the 6 youths during the first 60 days following their release.

Some of the facilities informed us that they maintained contact with released youths but did not always document the contacts. We were also informed by one facility that it generally did not maintain contact with released youths who were expected to participate in a private contractor's community reintegration program.

- b. The facilities did not prepare final reports for 34 (57%) of the 60 case files reviewed. One facility did not prepare any of the 18 final reports that were required and informed us that it did not realize that these reports were a contract requirement.

Maintaining contact with released youths and documenting such contact are necessary to help ensure the youths' successful transition to their home environment. In addition, having facilities prepare final reports is necessary to provide FIA with an assessment of each youth's progress during the first 60 days following his/her release and to help determine the need for additional community reintegration services.

RECOMMENDATIONS

We recommend that FIA ensure that private residential treatment facilities maintain and document contact with released youths.

We also recommend that FIA ensure that private residential treatment facilities prepare required final reports for released youths.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendations. FIA responded that the Purchased Care Division will monitor compliance by reviewing case files during on-site visits and require corrective action plans from private facilities with significant noncompliance.

EFFECTIVENESS OF FIA'S CONTRACTING FOR AND MONITORING OF SERVICES PROVIDED BY PRIVATE RESIDENTIAL TREATMENT FACILITIES

COMMENT

Background: FIA contracts with private residential treatment facilities, both within and outside of Michigan, to supplement bed space at State-operated residential treatment facilities. In 1989, the Department of Management and Budget gave FIA a waiver of competitive bidding requirements for existing contracts with private facilities. However, FIA is required to competitively bid contracts with private facilities for new services and programs. Also, FIA is responsible for monitoring the private facilities' compliance with contract requirements.

Audit Objective: To assess the effectiveness of FIA's contracting for and monitoring of services provided by private residential treatment facilities.

Conclusion: We concluded that FIA was moderately effective in contracting for the services of private residential treatment facilities. However, we concluded that FIA was not effective in monitoring the services provided by private residential treatment facilities. Our assessment disclosed two material conditions. FIA did not have an effective process to project and meet bed space needs for delinquent youths. Also, FIA did not conduct periodic, comprehensive, on-site monitoring visits at all private residential treatment facilities.

Our assessment also disclosed other reportable conditions regarding contracts with private residential treatment facilities, the per diem rate-setting process, reimbursement for home visit days, and competitive bidding of contracts with private residential treatment facilities.

FINDING

12. Bed Space Needs

FIA did not have an effective process to project and meet bed space needs for delinquent youths.

Since 1995, an FIA committee, currently known as the Keep Improving Delinquency Services (KIDS) Committee, has been responsible for proposing, developing, reviewing, and making recommendations pertaining to bed space needs for delinquent youths to the FIA director. The total number of youths FIA had placed in residential treatment facilities and in detention centers awaiting placement at the same time increased approximately 27% in the two-year period ended December 31, 1997. As of December 31, 1997, FIA had 2,478 youths placed in private and State-operated facilities in Michigan, 171 youths placed in out-of-State facilities, and 465 youths placed in private and State-operated detention centers awaiting placement. Approximately 68% of these youths resided in private facilities and private detention centers.

Our review of FIA's process for projecting and meeting bed space needs disclosed:

- a. In 1990, FIA obtained, through a consulting contract, a model to project long-term bed space needs. However, FIA did not use the model.
- b. FIA did not formally analyze key attributes, such as youth arrest rates, judicial sentencing profiles, and socioeconomic changes, for the KIDS Committee to use in projecting bed space needs. The Committee often based its bed space decisions primarily on the number of youths waiting to be placed into the facilities, informal and often incomplete needs projections, and proposals from private and State-operated facilities to expand and/or modify their facility and/or detention center bed space.
- c. In March 1997, FIA prepared an informal interim planning report that estimated short-term residential treatment facility bed space needs for all security levels and State-operated and private detention centers in Wayne County. The report's recommendations related to only a small portion of the total estimated facility beds needed and did not include detention center bed needs outside of Wayne County.

- d. In March 1998, FIA was finalizing an informal bed space needs projection for 1998. This projection was developed as an interim needs assessment until an update of the 1990 consultant's needs projection model would be completed in 1999. This projection estimated only the short-term bed space needs for youths committed or referred to FIA in 1998 with placement in medium and high security level facilities and certain detention centers. The projection did not include youths currently placed at facilities, youths to be placed at low security level facilities, or youths at a number of detention centers. Also, the draft report predicted bed space shortages in the facilities and detention centers included in the projection, but it did not make recommendations to meet the bed space needs.

FIA's lack of an effective process to project and meet bed space needs resulted in the following conditions as of December 31, 1997:

- (a) FIA had 807 youths placed in State-operated residential treatment facilities that were licensed for 770 youths.
- (b) FIA had 332 youths placed in State-operated and private detention centers licensed for 304 youths.
- (c) FIA had 171 youths placed in several out-of-State facilities. Generally, delinquent youths are placed in out-of-State facilities because of a shortage of bed space in Michigan.

Based on our review of FIA activities relating to bed space needs and our discussions with FIA and facility personnel, we conclude that FIA, in effect, administratively limited the number of available beds, which restricted residential placements through September 1996. FIA staff informed us that 632 beds were added from October 1996 through September 1998 and that FIA had found some other potential facilities but met with community opposition which hindered its ability to add the needed beds.

The accurate projection of bed space needs and fulfillment of those needs are critical to providing effective treatment services to delinquent youths and ensuring the safety of the public, the youths, and facility and detention center staff. Also,

more accurate projections could increase overall efficiency by ensuring that placements in excess of licensed capacity are avoided in a cost-effective manner.

RECOMMENDATION

We recommend that FIA develop an effective process to project and meet the bed space needs for delinquent youths.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that the consultant's master plan for bed space planning is due to FIA by March 31, 1999.

FINDING

13. Contracts With Private Residential Treatment Facilities

FIA's contracts with private residential treatment facilities did not contain sufficient detail and information regarding purchased services.

As of October 1, 1997, FIA had contracts with 104 private residential treatment facilities in Michigan to provide treatment programs for delinquent youths. These facilities operated 123 separate treatment programs. The individual contracts, which usually are for several years, are to identify the standardized rights and responsibilities of the facility to provide residential treatment programs. Also, the contracts are to include more specific information, such as effective dates of service, profiles of youths served, types of services to be provided, staffing ratios, performance objectives, and payment rates and terms. FIA reimbursement to these facilities totals approximately \$73 million annually.

We reviewed the primary contract, pertaining to 11 treatment programs, at each of the six facilities we visited. Our review of the six contracts disclosed:

- a. Four contracts did not properly describe the treatment programs that were provided. The contracts for two facilities did not describe one of the treatment programs at each facility. Also, the contracts for these two facilities and two other facilities did not sufficiently describe the basic philosophy of six

treatment programs that were used to rehabilitate* the youths at these facilities.

The contracts for two of the facilities contained comprehensive descriptions of the facilities' three treatment programs.

- b. None of the contracts identified the security level (low, medium, or high) associated with each of the various treatment programs.
- c. Three contracts for facilities with multiple security levels did not state the number of beds potentially available at each security level. Also, one contract did not state the number of beds potentially available for CIC placements.
- d. None of the contracts stated the specific amount and type (individual or group) of counseling services to be provided. Also, these contracts did not state the education or experience required for facility staff who provide counseling services.
- e. None of the contracts stated whether the facility or a school district would provide the required educational program.
- f. One contract did not contain the standard performance objectives for CIC placements.
- g. None of the contracts stated a guaranteed number of beds, by security level, that would be available exclusively for FIA use.

Contracts with facilities must contain sufficient detail and information regarding all aspects of the purchased services to clarify expected performance and, therefore, help ensure that facilities comply with contract provisions.

* See glossary on page 70 for definition.

RECOMMENDATION

We recommend that FIA review and appropriately revise its contracts with private residential treatment facilities to include sufficient detail and information regarding purchased services.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that it rewrote private residential treatment facility contracts to include sufficient detail and information, effective October 1, 1998.

FINDING

14. Per Diem Rate-Setting Process

FIA's per diem rate-setting process did not include a review of private residential treatment facility programs' cost efficiency or other pertinent factors.

FIA contracts with numerous in-State private residential treatment facilities to provide treatment programs for delinquent youths. During fiscal year 1996-97, FIA made reimbursement payments to private facilities of approximately \$73 million based on various daily per diem rates. Historically, FIA established and periodically adjusted per diem rates based on each facility's prior year reimbursable actual costs and the number of service days provided for each treatment program.

In 1993, FIA revised its process of determining per diem rates by establishing "base year" per diem rates for each treatment program at a facility. FIA classified nonspecialized treatment programs into four groups based on youth to direct care staffing ratios. Also, using a complex formula with 1992 fiscal or calendar year reimbursable actual costs as the base year, FIA established per diem rates for each program at each facility within the four groups. To reduce the variability between rates within the four groups, FIA either raised or lowered the calculated rate for some programs, thus establishing a per diem rate range for each group. FIA also calculated base year per diem rates for specialized treatment programs, such as programs for sexual offenders, substance abusers, or youths with severe mental health needs. FIA classified these specialized programs as a fifth group without a specified range defined. The base year per diem rate became effective

for most treatment programs on October 1, 1993. Subsequently, the Legislature has periodically increased the per diem rates.

As shown in the following table, FIA's per diem rates for treatment programs varied significantly:

Treatment Program Per Diem Rates
As of October 1, 1997

Group	Type of Program	Youth to Direct Care Staffing Ratio	Per Diem Rate		Estimated Weighted Average Per Diem Rate*	Number of Programs in Group
			Lowest	Highest		
1	Nonspecialized	Less than 5 to 1	\$121.31	\$164.37	\$159.26	20
2a**	Nonspecialized	5 or 6 to 1	\$114.95	\$116.66	\$115.84	14
2b	Nonspecialized	5 or 6 to 1	\$ 93.99	\$145.84	\$134.44	29
3	Nonspecialized	7 through 10 to 1	\$ 82.60	\$143.11	\$134.03	19
4	Specialized	Various	\$ 62.82	\$217.34	\$159.92	41

* Weighted averages based on the contracted capacity of each program. Actual utilization is often less than the contracted capacity.

** Generally treatment programs with less than 20 youths.

Our review of FIA's per diem rate-setting process disclosed:

- a. FIA did not evaluate the youth to direct care staffing ratios of the various nonspecialized treatment programs to determine their propriety and cost efficiency under the circumstances. We noted that some nonspecialized treatment programs with similar treatment modalities or philosophies had significantly different staffing ratios and, therefore, significantly different per diem rates. For example, the main programs at three of six facilities we visited were fairly similar. However, the staffing ratios and per diem rates, excluding reimbursement for educational services, for these three programs were 5:1, 6:1, and 10:1 and \$143, \$146, and \$118, respectively. Because staffing costs are the largest component of program operating costs at all facilities, we question the propriety of significantly different staffing ratios and per diem rates for similar programs. Also, significantly different staffing ratios for similar programs may affect treatment program quality.

- b. FIA did not evaluate the reasonableness of other selected operating cost components for similar programs. Evaluation of selected cost components, such as administration and education, may identify costs that are unreasonably high.
- c. The per diem rate-setting process did not incorporate various factors, such as security level of the program, average length of stay, or program outcomes. For example, a facility operating a treatment program with a lower youth to direct care staffing ratio and a higher per diem rate may be more cost efficient if youths successfully complete the program in a short time period and/or the program has a lower recidivism rate.

We recognize that there may be justification for some per diem rate variances between similar treatment programs, such as differences in labor cost by geographic region. However, a per diem rate-setting process should include a comprehensive review of similar programs, including their staffing ratios, operating costs, and other pertinent factors, to assure FIA that per diem rates are reasonable and cost efficient.

RECOMMENDATION

We recommend that FIA revise its per diem rate-setting process to include a review of private residential treatment facility programs' cost efficiency and other pertinent factors.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that it will review the per diem rate-setting process to determine whether any changes are needed.

FINDING

15. On-Site Monitoring Visits

FIA did not conduct periodic, comprehensive, on-site monitoring visits at all private residential treatment facilities.

As of October 1, 1997, FIA had delinquent youths placed in 102 private residential treatment facilities in Michigan. In addition, 175 youths were placed in 11

out-of-State facilities. The Department of Consumer and Industry Services periodically evaluates the in-State facilities for compliance with child care licensing standards defined in the *Michigan Administrative Code*. In addition, FIA sporadically conducts on-site visits at the facilities primarily to provide technical assistance or review a specific issue. For example, consultants may conduct on-site visits for the purpose of facilitating new program development, responding to requests for temporary contract requirement exceptions, or investigating complaints. During fiscal year 1996-97, FIA consultants conducted on-site visits at 34 in-State facilities.

FIA's sporadic on-site visits did not thoroughly review compliance with FIA and contract requirements or assess the appropriateness of treatment program practices. Therefore, FIA had limited assurance that the facilities operated in accordance with their contracts. An effective on-site program monitoring function should include:

- a. Planned periodic visits to all facilities. Facilities with considerable deficiencies may necessitate additional visits to help ensure that their treatment programs are effective and efficient.
- b. The use of a standardized monitoring guideline. Such a guideline helps to ensure that the on-site monitoring visits include a review of all pertinent issues that management has determined appropriate.
- c. Documentation of work performed and conclusions drawn. Proper documentation will allow management to review the extent to which consultants examined pertinent issues and related conclusions.
- d. Timely preparation and distribution, to each facility, of a written report to communicate monitoring findings and any needed follow-up action.

RECOMMENDATION

We recommend that FIA conduct periodic, comprehensive, on-site monitoring visits at all private residential treatment facilities.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that the Purchased Care Division will initiate annual, comprehensive, on-site monitoring visits at private residential treatment facilities beginning in January 1999. On-site visits will be coordinated with Office of Juvenile Justice staff.

FINDING

16. Reimbursement for Home Visit Days

FIA's automated payment system internal controls did not prevent the reimbursement of private residential treatment facilities for home visit days that exceeded FIA policy limits. Also, the maximum number of home visit days in a month allowed for reimbursement by FIA policy may not be appropriate for many facilities' treatment programs.

Private residential treatment facilities receive reimbursement, on a per diem basis, for services through FIA's automated foster care payment system. FIA Services Manual item 903.7 limits reimbursement to facilities for the days that youths are at their own homes to a maximum of five home visit days per calendar month. The policy does not allow reimbursement for home visit days in excess of the five-day limit under any circumstances. Item 903.7 also requires that DSWs approve all home visit arrangements. FIA informed us that local office staff are expected to monitor the number of days that youths are absent from a facility for home visits and to adjust the facility's reimbursement on the automated payment system each time a youth exceeds five home visit days per month.

We visited six facilities and examined youths' attendance records for selected months between September and December 1997. Some youths at all six facilities were permitted to visit their homes in excess of five days in a calendar month. We identified 232 home visit days that exceeded the five-day monthly limit for which the facilities were overreimbursed approximately \$34,000. Based on the average per day overreimbursement at the six facilities, we estimate that overreimbursements to facilities Statewide for excess home visit days total approximately \$424,000 annually.

Staff at the six facilities informed us that they notify DSWs, either verbally or in writing, of home visit days. We did not attempt to determine whether the reimbursements for the 232 excess home visit days resulted because the facilities did not notify the DSWs of the home visits or the automated payment system was not adjusted after the DSWs were notified.

FIA's policy limitation that allows five monthly home visit days, as part of a youth's treatment program, may not be equitable under certain conditions. Youths may earn home visit days when they make progress in their treatment programs. Some treatment programs encourage home visit days, particularly when a youth is being considered for release. These visits facilitate contact between the youth and his/her family and provide the youth with the opportunity to demonstrate behavioral and attitudinal changes. The five-day limit policy does not encourage home visits under these conditions. Also, the five-day limit may be restrictive when a youth's home is a substantial distance from the facility and requires more than a normal amount of travel time.

RECOMMENDATIONS

We recommend that FIA implement automated payment system internal controls to prevent the reimbursement of private residential treatment facilities for home visit days that exceed FIA policy limits.

We also recommend that FIA review the appropriateness of its policy limiting reimbursement to private residential treatment facilities for a youth's home visits to five home visit days per month.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendations and responded that a new automated payment system, which will be implemented in 1999, will minimize inappropriate reimbursements. Also, FIA responded that it amended FIA policy on July 1, 1998 to allow greater discretion by local FIA office directors in approving reimbursement for home visit days beyond the five-day limit.

FINDING

17. Competitive Bidding of Contracts With Private Residential Treatment Facilities

FIA did not maintain complete documentation of the competitive bidding process used to award certain contracts to private residential treatment facilities.

The Department of Management and Budget Administrative Manual generally requires competitive bidding for contractual services. In 1989, the Department of Management and Budget gave FIA a waiver of competitive bidding requirements for existing contracts with private facilities. However, FIA is required to competitively bid contracts with private facilities for new services and programs.

FIA Administrative Handbook item 433.1 provides standardized procedures for the competitive bidding process. Item 433.1 requires that FIA maintain documentation to support the award of each contract. The documentation required includes a copy of each proposal submitted, rating forms for each proposal, and documents supporting rate-setting or other cost information. FIA's records retention and disposal schedule requires that agreements, contracts, and proposals be retained for six years.

FIA established three new programs since 1994: sexual offender, boot camp, and high security programs. We reviewed documentation of the competitive bidding process used to award contracts to private facilities for these three programs. Our review disclosed that FIA did not maintain complete documentation of the bidding process for two of the three programs:

- a. FIA did not retain 3 of the 13 proposals submitted.
- b. FIA did not retain the bidder's rate schedule from one proposal.
- c. FIA did not retain documentation of a bidder's withdrawal of a proposal that was rated higher than a proposal for which a contract was awarded.
- d. The rate on the proposal of one bidder, which was not awarded a contract, did not agree with the rate indicated on the summary of bidder rates. FIA could not provide documentation to explain the difference in rates. The rate on the summary exceeded the rates of other bidders' awarded contracts. However,

the rate on the bidder's proposal was within the range of rates for bidders that were awarded contracts.

Complete documentation of the competitive bidding process is necessary to uphold the integrity of the process and to support the propriety of contract awards.

RECOMMENDATION

We recommend that FIA maintain complete documentation of the competitive bidding process used to award contracts to private residential treatment facilities.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that effective January 1, 1999, it will retain comprehensive and complete competitive bidding records.

FIA'S EFFORTS TO PROVIDE YOUTHS RELEASED FROM RESIDENTIAL TREATMENT FACILITIES WITH APPROPRIATE COMMUNITY REINTEGRATION SERVICES

COMMENT

Background: Community reintegration services provide supervision and support services to youths released from residential treatment facilities. The purpose of community reintegration services, also known as "aftercare," is to help youths maintain the gains they achieved at the facilities and make a successful transition back into the community, thereby reducing or preventing recidivism. Supervision is provided by the DSWs and support services are contracted for by the FIA county offices.

Audit Objective: To assess FIA's efforts to provide youths released from residential treatment facilities with appropriate community reintegration services.

Conclusion: We concluded that FIA's efforts frequently did not provide the youths released from residential treatment facilities with appropriate community reintegration services. Our assessment disclosed two material conditions. FIA had not taken

effective action to ensure that appropriate community reintegration services were made available and provided to delinquent youths. Also, FIA had not developed comprehensive guidelines to help ensure that youths released from residential treatment facilities received appropriate community reintegration services.

In addition, as reported under our second objective, our assessment disclosed a material condition related to the lack of a comprehensive continuous quality improvement process to evaluate and improve the effectiveness of overall juvenile justice services and significant components of those services, including community reintegration services.

Our assessment also disclosed a reportable condition related to DSW contacts and case closure summaries.

FINDING

18. Community Reintegration Services

FIA had not taken effective action to ensure that appropriate community reintegration services were made available and provided to delinquent youths.

FIA annually distributes approximately \$41.9 million of State and federal funds to FIA county offices for regular family preservation and community-based programs. The FIA county offices use the funds to contract for services related to foster care programs, delinquency and foster care prevention programs, and community-based programs for delinquent youths (including community reintegration services for delinquent youths released from residential treatment facilities). The county offices, often in conjunction with local collaborative bodies, determine the amount of the funds allocated to each of these three programs.

FIA's residential treatment facility services are a very important, an expensive, and often the last component in a continuum of services designed to rehabilitate youths. As noted in our performance audit of FIA's W.J. Maxey Training School, issued in November 1996, because the availability of community reintegration services varies among the counties, the courts released some youths back into their communities without community reintegration services.

In 1996, FIA convened a work group to develop a continuum of services for youths released from residential treatment facilities and to recommend long-range policy considerations for five large counties. The work group issued a report in May 1997 that defined guiding principles, vision, mission*, and goals for developing a continuum of services. The report charged each of the five counties to design and manage reintegration services to meet their specific needs. The report stated that "A serious weakness in the current treatment system continues to be insufficient emphasis on community reintegration or aftercare from residential care."

We reviewed FIA's efforts to make community reintegration services available to delinquent youths. Our review disclosed:

- a. Delinquent youths frequently were not given the opportunity to receive recommended reintegration services.

We reviewed case files for 80 youths who were released from private and State-operated residential treatment facilities to community settings in six counties after January 1, 1995 and subsequently discharged from FIA supervision by February 28, 1997. Residential treatment facility staff and/or DSWs recommended 108 reintegration services for 68 of the 80 youths. Our review determined that 17 (25%) of the 68 youths for whom services were recommended were not given the opportunity to receive any of the recommended services. In addition, 9 (13%) of the 68 youths were not given the opportunity to receive one or more of the recommended services. DSWs usually did not document in the case files why youths were not given the opportunity to receive recommended reintegration services.

- b. Staff at several private residential treatment facilities we visited informed us that they often did not recommend reintegration services for youths released from their facilities when the services were perceived as not being available in the youths' home counties. Therefore, the extent to which youths actually needed services after their release was understated.

* See glossary on page 70 for definition.

- c. FIA did not obtain data about the level of community reintegration services provided by all county offices. Therefore, FIA could not determine the level of Statewide services needed, available, or provided and the cost of services provided. Such information is critical to allow management to effectively administer juvenile justice services.
- d. County office funding allocated for community-based programs, including reintegration services for delinquent youths, varied dramatically.

Based on the limited FIA data available, we determined that county offices allocated approximately \$10.4 million for community-based programs that included reintegration services for delinquent youths in fiscal year 1996-97. Also, we estimate that the county office allocations for regular community-based programs that included reintegration services, for counties with 10 or more delinquent youths in a community setting as of September 30, 1997, ranged from \$135 to \$35,197 per youth. Although specific conclusions cannot be drawn from this wide variance, such a variance would indicate that sufficient and equitable reintegration services were not available in a number of counties.

The lack of appropriate reintegration services for some delinquent youths may result in recidivism and future residential care costs. Such recidivism also negates the State's previous and often extensive financial investment designed to rehabilitate delinquent youths.

RECOMMENDATION

We recommend that FIA review community reintegration services and take effective action to ensure that appropriate services are made available and provided to delinquent youths on a Statewide basis.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that it has started several initiatives, such as the restorative justice-based community reintegration model, to implement corrective actions for delinquent youths.

FINDING

19. Community Reintegration Services Guidelines

FIA had not developed comprehensive guidelines to help ensure that youths released from residential treatment facilities received appropriate community reintegration services.

The primary purpose of community reintegration services is to prevent recidivism of youths released from residential placements by providing supervision and support services to help the youths make a successful transition back into the community. In addition to DSW supervision of the youths, FIA encourages DSWs, when appropriate, to arrange for youths to participate in reintegration support service programs contracted for by the FIA county offices.

After release from a residential treatment facility, a delinquent youth may be discharged from FIA at any time based on a court motion or automatically discharged because of age. In accordance with FIA policy, a DSW must file a petition for immediate discharge for certain reasons, such as the youth is at least age 17, the youth has successfully completed six or more months of community reintegration services, and discharge would not unduly interrupt the reintegration services or the youth. Also, FIA policy requires a DSW to file a petition for immediate discharge if a youth has been in the community for at least six months, the youth has not responded to reintegration services, and the youth would not gain any benefit in being retained by FIA. FIA had no other policies pertaining to the appropriate length of reintegration services to be provided.

In 1996, FIA convened a work group to develop a vision for providing community reintegration services in five of the State's largest counties that serviced approximately 62% of the youths assigned to the State for placement. The group's report stated that "All youth who have been removed from mainstream living need support in readjusting to family, peers, neighborhoods, schools, and sudden removal of institutional restrictions." Such support is to be provided through appropriate community reintegration services. Also, the report stated that "FIA policy requires at least 6 months of community supervision for all youth released from placement." However, as described above, FIA policy did not require that all youths receive at least six months of community reintegration services prior to discharge from FIA.

We reviewed case files for 80 youths who were released from State-operated and private residential treatment facilities to community settings in six counties after January 1, 1995 and subsequently discharged from FIA supervision by February 28, 1997. Our review disclosed that 30 (44%) of 68 youths, who were less than age 19 and still resided in Michigan, were discharged from FIA less than six months after their release from various facilities. Court documents or service plans for 16 (53%) of these 30 youths indicated that the youths' ages and/or noncooperation, such as not attending counseling sessions or school, not adhering to curfews, or not avoiding prohibited hangouts, were primary reasons for their discharges. However, the discharge of youths prior to their successful completion of at least six months of community reintegration services may not be in the best interest of either the youths or the community.

Our overall review of community reintegration services guidelines disclosed that FIA had not:

- a. Determined which type of reintegration services are most effective for youth with particular characteristics and/or the residential treatment program that the youths had completed. Research has demonstrated that youths with certain characteristics are more prone to recidivism, and some types of reintegration services may not be compatible with certain treatment programs' modalities. For example, unstructured reintegration services may not be appropriate for a youth released from a highly structured treatment program.
- b. Evaluated the feasibility of a graduated system of sanctions for youths who did not cooperate with reintegration support services requirements. For example, temporarily placing youths in detention or residential settings before they become habitually uncooperative or re-offend is considered an important aspect of effective reintegration services and a deterrent to recidivism.
- c. Determined the optimal length of time that youths with particular types of characteristics should be supervised and/or provided reintegration support services.

Ensuring that youths have the opportunity to receive the proper type and quantity of community reintegration supervision and support services is critical to reinforce

the effects of residential treatment programs, enhance the likelihood of a successful transition back into the community, and help prevent recidivism.

RECOMMENDATION

We recommend that FIA develop and implement comprehensive guidelines to help ensure that youths released from residential treatment facilities receive appropriate community reintegration services.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendation and responded that it will establish a policy prohibiting recommendation of an early discharge unless the needs reassessment indicates that the youth has achieved a positive community reintegration.

FINDING

20. DSW Contacts and Case Closure Summaries

DSWs frequently did not maintain and/or properly document required contacts with youths released to community settings. Also, DSWs frequently did not prepare case closure summaries for youths discharged from FIA supervision.

For youths released to a community setting, FIA Services Manual item 817 requires that a DSW maintain (at a minimum) monthly contact with each youth and his/her family to assess the youth's progress and need for additional services, to provide counseling or refer the youth to appropriate community services, and to ensure that the youth remains in a productive status of work, school, or skills training. Also, item 813.6 requires the DSW to prepare a case closure summary when the youth is discharged from FIA supervision.

We reviewed case files for 80 youths who were released from State-operated and private residential treatment facilities to community settings after January 1, 1995 and subsequently discharged from FIA supervision by February 28, 1997. Our review disclosed:

- a. Fifty-one (66%) of the 77 case files (pertaining to youths who were not immediately discharged from FIA supervision) did not contain documentation

that DSWs had maintained monthly contact with each of the youths. Twenty-five (32%) of the 77 case files did not contain documentation of any DSW contact with the youths.

- b. Of the 52 case files that indicated there were some DSW contacts with the youths, the documentation in 36 (69%) of these files did not explain the nature of the contacts, conclusions based on the contacts, and/or future actions. FIA policy does not specifically require a DSW to maintain this documentation for each contact the DSW has with a youth. However, such documentation is needed to provide evidence of a youth's progress. Also, the documentation would be useful when preparing case closure summaries, and it would help ensure that a DSW is addressing a youth's needs.
- c. DSWs did not prepare case closure summaries for 46 (58%) of the 80 youths. We also noted that the prepared summaries frequently did not include the reason for a youth's discharge from FIA supervision. The preparation of a case closure summary is required by policy and is important for providing an update to the most recent service plan and for finalizing the closure of the case.

RECOMMENDATIONS

We recommend that DSWs maintain required contact with youths released to community settings and properly document such contacts.

We also recommend that DSWs prepare case closure summaries for youths discharged from FIA supervision.

AGENCY PRELIMINARY RESPONSE

FIA agreed with the finding and recommendations and responded that it will monitor compliance with policy through supervisory case readings and National Council on Crime and Delinquency reports. The Field Services Administration will initiate corrective action for noncompliance by October 1, 2000.

Glossary of Acronyms and Terms

adjudicated delinquent youth	A child or adolescent who exhibits antisocial or criminal behavior and the court has decided that the youth committed a crime.
Central Intake Committee (CIC)	A committee, made up of representatives of the Office of Juvenile Justice, FIA administrators, and private residential treatment facilities, that provides medium and high security level placements. CIC screens all referred youths for placement in medium and high security level programs.
Children Services Management Information System (CSMIS)	FIA's automated data collection and information system that tracks the activities of children and youths.
committed	Delinquent youths are "committed" to FIA as State wards under Act 150, P.A. 1974, as amended.
community-based security level	A living arrangement or service with a community-based security level will include family foster care, independent living, a youth's own home, or a relative's home.
community reintegration services	Supervision and support services provided to youths released from residential placements to promote the reunification of the youths with their families and/or community.
CQI	continuous quality improvement.
delinquency services worker (DSW)	The case manager responsible for a delinquency case.

detention	A transitional residential placement to await further court action and/or case planning.
detention center	A short-term, high security facility.
discharge	Termination of State wardship under Act 150, P.A. 1974, as amended, or termination of referral to FIA for care and supervision under Act 280, P.A. 1939, as amended, by the courts.
discharge services plan	Presentation of factual and assessed information about a ward and the ward's family used by a DSW and others to help the ward and the ward's family become rehabilitated. Discharge services plans include the reason for the release from residential care, an evaluation of the remaining previously identified treatment needs of the youth, and recommendations regarding services and placements to meet the remaining needs of the youth.
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.
felony	An offense for which the offender, on conviction, may be punished by imprisonment in a State prison.
FIA	Family Independence Agency.
goals	The agency's intended outcomes or impacts for a program to accomplish its mission.
high security level	The security level of a facility that is self-contained and campus-based, including all necessary resources for the

youths within its boundaries. Its perimeter will be secure and/or its facilities locked. Staff will supervise the youths at all times. In the event of community contacts, such as home visits or while in community service, the youths are supervised by staff or temporarily placed in the direct care and supervision of a guardian or designated program representative. Either face-to-face or electronic monitoring may be utilized during community contacts.

KIDS Committee

Keep Improving Delinquency Services Committee.

low security level

The security level of a facility that is campus or noncampus based. It relies upon external resources, i.e., public school, recreation, employment, and specialized treatment services. Supervision is provided by treatment staff, guardians, or others, such as teachers or counselors. Youths are allowed frequent (often daily) unsupervised contact with the community. The outside perimeter is not secure and the facility is not locked.

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.

medium security level

The security level of a facility that is self-contained and campus-based, including all necessary resources for the youths within its boundaries. Its perimeter may not be secured or its facilities locked; however, other forms of deterrents to leaving the program, such as treatment modality and staffing, must be in place. Staff or guardians will supervise the youths at all times. In the event of community contacts, such as home visits or while in community services, the youths are supervised by staff or temporarily placed in the direct care and supervision of a

guardian or designated program representative. Community contacts are limited and based upon a youth's progress in treatment and continued evaluation of risk. Some youths may remain in a medium security placement yet be allowed daily unsupervised community contact for educational or treatment purposes.

mission The agency's main purpose or the reason the agency was established.

needs assessment An evaluation of the problems that led a youth to delinquent behavior and a determination of which services can be utilized to eliminate or control problems. Identified needs are assessed and ranked accordingly.

Office of Delinquency Services Information System (ODSIS) FIA's automated data collection and information system that tracks activities of certain delinquent youths.

outcomes The actual impacts of a program. Outcomes should positively impact the purpose for which a program was established.

out-of-State residential placement Any residential placement outside of the State of Michigan.

outputs The products or services produced by a program. The program assumes that producing its outputs will result in favorable program outcomes.

override To allow a change to be made because there were extenuating circumstances resulting in an escalation (increase) or mitigation (decrease) of a youth's security level. "Policy overrides" are based on specific criminal offenses and/or other factors and are mandatory. "Discretionary

overrides" are based on individual case evaluations and are subject to supervisory and, where required, court approval.

per diem

Per day.

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 indicators

Information of a quantitative or qualitative nature indicating program outcomes, outputs, or inputs. Performance indicators are typically used to assess achievement of goals and/or objectives.

performance standards

A desired level of output or outcome as identified in statutes, regulations, contracts, management goals, industry practices, peer groups, or historical performance.

Private Agency Review Committee

A committee, made up of representatives of public and private residential treatment facilities, that determines placement for Wayne County youths assessed at community-based and low security levels.

recidivism

Rearrest after discharge from FIA supervision.

referred

Delinquent court wards are "referred" to FIA for care and supervision under Act 280, P.A. 1939, as amended.

rehabilitate

To change a youth's behavior so that the youth functions responsibly in his/her home community and maintains a crime-free lifestyle.

release	Termination of a residential placement by order of the committing court.
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 the design or operation of the internal control structure or in management's ability to operate a program in an effective and efficient manner.
risk assessment	An assessment of the risk that a youth poses to the community (i.e., reoffending).
SDM	structured decision making.
service plans	Presentation of factual and assessed information about a ward and the ward's family used by a DSW and others to help the ward and the ward's family become rehabilitated. The initial service plan is the first plan written, and it is updated periodically by updated service plans. Updated service plans include the youth's progress toward achieving the goals established in the previous service plan and any changes in the service plan.
sexual offender	A youth adjudicated by the courts for criminal sexual conduct.
substance abuser	A youth identified with a drug or alcohol problem.
treatment goals	A written description of the desired changes in a youth's attitude and academic skills.
treatment release plan	Presentation of factual and assessed information about a ward and the ward's family used by a DSW and others to evaluate the youth's treatment progress and reintegration services needed.