



# OAG

Office of the Auditor General

## Report Summary

### *Performance Audit*

### *Select Licensing and Monitoring Activities of Child Placing Agencies*

### *Michigan Department of Health and Human Services (MDHHS)*

**Report Number:**  
**431-2780-16**

**Released:**  
**December 2021**

MDHHS is responsible for licensing and monitoring child placing agencies (CPAs) that deliver foster care, adoption, and other services for children in Michigan's foster care system. State law requires MDHHS to perform an on-site visit of a CPA before issuing or renewing a license and to periodically assess each CPA's continued compliance with applicable licensing rules, laws, and MDHHS policies through an on-site evaluation of the CPA at least once a year. As of October 2021, approximately 160 licensed CPAs existed throughout the State.

Audit Objective			Conclusion
Objective: To determine the effectiveness of selected MDHHS activities to license and monitor child placing agencies and services.			Effective, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Over 90% of the finalized adoption records we reviewed remained accessible on average 78 days beyond a 21-day record restriction requirement ( <a href="#">Finding 1</a> ).	X		Agrees
A 10% or more discrepancy existed between the roster of children CPAs provided to MDHHS and MDHHS's records for nearly 50% of the CPAs we reviewed. MDHHS used the rosters for its annual inspection sampling. In addition, MDHHS replaced almost 80% of the foster homes it sampled without a documented good cause ( <a href="#">Finding 2</a> ).		X	Agrees

<b>Findings Related to This Audit Objective (Continued)</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
<p>Although State law requires CPA staff to maintain suitable backgrounds, it does not require CPAs to conduct periodic background checks of their staff. MDHHS did not:</p> <ul style="list-style-type: none"> <li>• Provide its licensing consultants with clear direction for monitoring CPA staff backgrounds.</li> <li>• Consistently document the monitoring procedures conducted related to background checks.</li> <li>• Include independent background checks of CPA staff in its monitoring procedures (<u>Finding 3</u>).</li> </ul>		X	Agrees
<p>For the CPAs we reviewed, MDHHS did not maintain 45% of the assessment tools used to document the annual on-site inspection activities (<u>Finding 4</u>).</p>		X	Partially agrees
<p>MDHHS had not developed formalized procedures to compile and analyze inspection results to identify significant trends in CPA activities and services (<u>Finding 5</u>).</p>		X	Agrees

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