STATE OF CONNECTICUT

AUDITORS' REPORT
DEPARTMENT OF CHILDREN AND FAMILIES
FISCAL YEARS ENDED JUNE 30, 2014 and 2015

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

Table Of Contents

August 27, 2019

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Department of Children and Families. The objectives of this review were to evaluate the department's internal controls, compliance with policies and procedures, as well as certain legal provisions, and management practices and operations for the fiscal years ended June 30, 2014 and 2015.

The key findings are presented below:

Page 13	Our prior review of LINK system access disclosed that DCF does not clearly define user and security groups. There is still inadequate segregation of duties within certain levels of LINK. The Department of Children and Families should strengthen internal controls to ensure that those responsible for approving access for LINK users have sufficient information to select appropriate access levels. (Recommendation 1.)
Page 14	DCF did not implement policies and procedures to ensure building security and to enhance the monitoring of employee attendance. Our current analytical review, covering January through March of 2015, again found that there was limited proxy card information. The employees we judgmentally selected for review may still have been frequently arriving late to work. The Department of Children and Families should develop and implement policies and procedures to strengthen controls over its building security to ensure employee safety and information system security. The department should also strengthen internal controls over the monitoring of attendance to ensure that employees work their scheduled hours or appropriately charge leave time. (Recommendation 2.)
Page 20	The Department of Children and Families should develop procedures to calculate actual allowable costs to ensure that revenue is maximized and that all amounts claimed for reimbursement are adequately supported. DCF should base claims for federal reimbursement on the contract's actual percentage of allowable reimbursable costs. (Recommendation 5.)
Page 22	The department has not implemented procedures to obtain supporting documentation to ensure that debit card purchases are proper. The Department of Children and Families should implement procedures to obtain supporting documentation ensuring that debit card purchases are proper. The department should develop and implement a cost-effective process to claim allowable debit card purchases under Title IV-E. (See Recommendation 6.)

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JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

ROBERT J. KANE

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INTRODUCTION
AUDITORS' REPORT
DEPARTMENT OF CHILDREN AND FAMILIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 and 2015

We have audited certain operations of the Department of Children and Families in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2015. The objectives of our audit were to:

1. Evaluate the department’s internal controls over significant management and financial functions;

2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and

3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the Department of Children and Families.

COMMENTS

FOREWORD

The Department of Children and Families (DCF) operates primarily under the provisions of Title 17a, Chapter 319, Sections 17a-1 through 17a-83 of the Connecticut General Statutes. In addition, under Sections 17a-90 through 17a-201b of Title 17a, Chapter 319a of the Connecticut General Statutes, the commissioner and the department are charged with specific responsibilities related to overseeing the welfare of children.

DCF operates as a comprehensive, consolidated agency serving children and families. Its mandates include child protective and family services, juvenile justice, mental health and substance abuse-related assistance, as well as prevention and educational services (acting in the capacity of a school district for the children in its care). During the audited period, DCF administered its programs and services through a network of offices and sites throughout the state, consisting of a central office, 14 local area offices, and 4 facilities. The department's 4 facilities are the Connecticut Juvenile Training School (CJTS), the Albert J. Solnit Children's Center – North and South Campuses (Solnit-North and Solnit-South), and the Wilderness School.

The DCF central office provides business support services for the area offices and the Wilderness School. The business operations of CJTS, Solnit-North, and Solnit-South are primarily administered by personnel at each facility.

Solnit-North, located in East Windsor, is a psychiatric residential facility providing 24-hour care to boys ages 13 through 17 with complex psychiatric needs. Solnit-North is a designed program to bridge hospital to home and community or as a diversionary placement to avoid the need for a hospital stay. Solnit-South, located in Middletown, provides comprehensive care to children and adolescents under the age of 18 with severe mental illness and related behavioral and emotional problems who cannot be safely assessed or treated in a less restrictive setting. The facility is a state-administered psychiatric facility consisting of 4 coed hospital units and 3 female adolescent psychiatric residential treatment cottages.

The Connecticut Juvenile Training School (CJTS), located in Middletown, is a secure facility for 12 to 20 year-old males adjudicated as delinquent and committed to DCF. The CJTS mission is to provide a safe, secure, and therapeutic environment while providing opportunity for growth and success. CJTS residents receive a full range of clinical services based upon their individualized risk, need, strengths, mental health assessments, and treatment plans, including individual, family, and group therapy. On March 14, 2014, the department established a short-term, secure program for 13-20 year-old adolescent females committed to DCF as delinquent. The Pueblo Girls' Program, located on the grounds of Solnit-South, provided crisis assessment and stabilization, rapid reintegration, and short-term gender-specific trauma treatment services to girls with complex behavioral health and delinquent needs. DCF closed the Pueblo Girl's Program in January 2016 due to a consistently low census. In December of 2015, the Governor announced a plan to close CJTS by July 2018. The facility closed on April 12, 2018.

The Wilderness School, located in East Hartland, is a prevention, intervention, and transition program for troubled youth. The school offers high-impact wilderness programs intended to foster positive youth development. Courses range from 1-day experiences to 20-day expeditions. Designed as a journey experience, the program is based on the philosophies of experiential learning and is considered therapeutic.

Consent Decree

In January of 1991, DCF entered into a consent decree to avoid litigation in response to a federal lawsuit filed by clients of the department and others. The decree mandated specific changes to department management, policies, practices, operations, and funding. A court-appointed monitor is responsible for overseeing implementation of mandates in the decree. In December of 2003, the federal court approved an exit plan that established 22 outcomes for the state to achieve improvement in services for children and families and end the court's jurisdiction. The court approved a revised exit plan in July of 2004, requiring periodic reporting by DCF and the court monitors on the department's performance and progress toward achieving the outcome measures. In July of 2008, the federal court approved an agreement negotiated in an effort to expedite improvement to 2 outcome measures related to treatment plans and services specified in the treatment plans (e.g. medical, dental, and mental health services).

DCF must be in sustained compliance with all of the outcome measures for at least 6 months prior to seeking judicial relief from the measure and shall stay compliant through any decision to terminate court jurisdiction. The monitor completed a quarterly review of the department's efforts to meet the exit plan outcome measures during the period of April 1, 2017 through September 30, 2017. The review concluded that the department achieved 15 of the 22 outcome measures and maintained compliance with 11 of the measures for at least 2 consecutive quarters.

In December of 2017, the federal court approved a revised exit plan reducing the number of outcome measures from 22 to 14. Furthermore, 4 of the remaining 14 measures may be terminated if the department maintains sustained compliance with them through June 30, 2018.

Joette Katz served as commissioner from January of 2011until January of 2019. Vannessa Dorantes was appointed commissioner in January of 2019.

Careline

Careline is a unit located in the DCF central office that operates 24 hours a day, 365 days a year. The unit receives all calls or written allegations that children are abused, neglected, or in danger of being abused or neglected. The unit also receives other types of calls related to services for children. Based on information Careline receives, it initiates appropriate action.

Careline received 200,342 calls in fiscal years 2014 and 2015. These included approximately 99,057 reports of suspected abuse or neglect, of which DCF accepted approximately 59,859 for investigation. DCF substantiated approximately 10,477 reports.

Census Statistics

Client census statistics by placement type, as of June 30th, for the 3 fiscal years ended through June 30, 2015, are summarized below:

Placement Category	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Adoption	5,496	5,602	5,628
Foster Care	2,059	2,199	2,180
Subsidized Guardianship	1,920	1,919	1,934
Relative Care	837	1,019	1,030
Residential Home	196	141	116
Group Homes	364	320	240
DCF Facilities	52	76	54
Safe Home	37	27	6
Independent Living Program	156	116	195
Shelter	80	49	45
Medical	23	22	23
Total	**11,220**	**11,490**	**11,451**

Per Capita Costs

Under the provisions of Section 17b-222 and Section 17b-223 of the General Statutes, the State Comptroller is required to annually determine the per capita, per diem costs for the care of all persons in DCF-administered treatment facilities for children and adolescents. The average per capita, per diem inpatient costs for the fiscal years 2013-2014 and 2014-2015 based on the prior fiscal year costs, are summarized below:

Facility	Fiscal Year 2013-2014	Fiscal Year 2014-2015
CJTS	$1,349	$904*
Solnit-North	$2,115	$3,464*
Solnit-South	$2,423	$2,753

**The reduction in the CJTS rate was due to a large negative roll-forward adjustment applied in the cycle, among other factors. The unusually high rate at Solnit-North is primarily due to a significant reduction in the population served for the period. It is not representative of normal operations.*

State and Area Advisory Councils

Section 17a-4 of the General Statutes establishes a State Advisory Council on Children and Families. The council's duties include recommending programs, legislation or other matters that will improve services for children and youth, including behavioral health services, reviewing and advising the commissioner regarding the proposed annual budget, interpreting for the community at large the policies, duties and programs of the department, and issuing reports it deems necessary to the governor and commissioner. Furthermore, the council assists in the development of, and reviews and comments on, the DCF strategic plan pursuant to subsection (b) of Section 17a-3 of the General Statutes. The council independently monitors DCF's progress in achieving its goals, offers assistance and an outside perspective, and receives quarterly status reports from the commissioner on DCF's progress in carrying out its strategic plan. Membership consists of 19 members. The governor appoints 13 members, including 2 child care professionals, 2 individuals 18 to 25 years old served by DCF, a Connecticut licensed child psychiatrist, an attorney with expertise in legal issues related to children and youth. The council also includes 7 representatives of youth, parents, and those interested in child protection, behavioral health, juvenile justice, and prevention services for children and youth, at least 4 of whom are parents, foster parents, or family members of children who received or are receiving behavioral health, child welfare, or juvenile services. The remaining 6 members represent the regional advisory councils established pursuant to section 17a-30 of the General Statutes. Since October 1, 2014, no more than half the members of the council may receive income from a private practice or any public or private agency that delivers mental health, substance abuse, child abuse prevention and treatment, or child welfare or juvenile services. The commission does not compensate members except for the reimbursement of necessary expenses. Council members serve 2-year terms and cannot serve for more than 3 consecutive terms. The commissioner serves as a non-voting, ex-officio member of the council.

Section 17a-30 of the General Statutes requires the commissioner to create distinct service regions and an advisory council in each region to advise the commissioner and the regional director on the development and delivery of services and to facilitate the coordination of services in the region. Each council has no more than 21 members appointed by the commissioner or a designee, for 1 to 3 year terms.

Significant Legislation

Public Act 13-3 made changes in mental health insurance coverage and services. The act created a 20-member task force to study the provision of behavioral health services in Connecticut and report to the legislature by February 1, 2014. Issued in April 2014, the report contained 47 recommendations, addressing the overall goal of improving the behavioral health care of children, adolescents, and young adults in Connecticut. The DCF Commissioner or a designee is a member of the task force. The act required the DCF commissioner to establish and implement a regional behavioral health consultation and care coordination program for primary care providers who serve children as of January 1, 2014.

Public Act 13-40, effective October 1, 2013, made various changes to the DCF statutes. Specifically, the act required (rather than allowed) DCF to disclose records, without the subject's consent, to the Department of Social Services (DSS) in certain circumstances and made related changes. The act required DCF to provide a copy of a foster youth's credit report to the youth's attorney or guardian ad litem (GAL) for review, if feasible, for identity theft evidence, and help the youth interpret and resolve any inaccuracies in conjunction with DCF. The act also eliminated the definition of permanent family residences and licensing and regulatory requirements for facilities.

Public Act 13-52, effective October 1, 2013, allowed DCF, when investigating child abuse or neglect allegations, to interview a child without the caretaker's consent when DCF has reason to believe that seeking such consent would place the child at imminent risk of physical harm. DCF already had the ability to interview the child without such consent if DCF has reason to believe a caretaker or member of the child's household was the perpetrator of the abuse or neglect. By law, when DCF wants to interview a child as part of an investigation, it generally must obtain the consent of parents, guardians, or other individuals responsible for the child's care. If consent is not required, DCF must generally conduct the interview in the presence of a disinterested adult.

Public Act 13-54, effective October 1, 2013, renamed the DCF "differential response" program as the "family assessment response" (FAR) program and required DCF to follow the same expungement process for FAR cases applicable to unsubstantiated cases of abuse and neglect. It required DCF to seal family assessment case records but allowed agency employees to access them to properly discharge their duties. It required the commissioner to destroy the case files 5 years after DCF completes its investigation or closes the family assessment case, whichever is later, if the department has not received another report of abuse or neglect involving the family. However, if a family has more than one unsubstantiated report within this period, DCF must keep the records for 5 years from the date it completed the most recent investigation.

Public Act 13-77, effective July 1, 2013, required DCF to notify both the child's guardian and custodial and noncustodial parents when opening a child abuse or neglect investigation, if the notification is in the child's best interest. DCF may not provide this notice if it has reasonable grounds to believe that it would endanger someone or interfere with a criminal investigation.

Public Act 13-80, effective July 1, 2013, reduced from 15 to 5 days, the deadline by which DCF must ask the state police to conduct fingerprint-based state and national criminal history records checks on anyone living in a home in which DCF places a child on an emergency basis.

Public Act 13-81, effective July 1, 2013, repealed statutes that allowed the DCF Commissioner or a child-placing agency to consider the sexual orientation of the prospective adoptive or foster parent(s) when placing a child and provided that the recruitment of minority families may not be a reason to delay placement of a child with an available family of a different race or ethnicity.

Public Act 13-124, effective July 1, 2013, required state agencies, when hiring individuals or placing them in internship programs, to give preference to 18 to 24 year-old young adults who were in DCF foster care on their 18th birthday. The act defines preference as priority over similarly qualified applicants. Nothing in the act required applicants to request foster child status or disclose their status as a former foster child, nor can the act be construed to give an applicant the right to sue for a violation of its provisions.

Public Act 13-178, effective July 1, 2013, required DCF and the Office of Early Childhood (OEC), in consultation and collaboration with various individuals and agencies, to take several steps to address the mental, emotional, and behavioral health needs of Connecticut's children. It required DCF to develop a comprehensive plan to meet these needs and prevent or reduce the long-term negative impact of mental, emotional, and behavioral health issues on children.

Public Act 13-228, effective October 1, 2013, in child abuse and neglect cases, extended to DCF or any agency or person to whom DCF has granted temporary custody of a child or youth on the basis of a court order of temporary custody (OTC), the following rights regarding that child or youth: (1) obligation of care and control; (2) the authority to make decisions regarding emergency medical, psychological, psychiatric, or surgical treatment; and (3) other rights and duties that the court orders. By law, DCF must file an affidavit requesting an OTC with the Superior Court when it has reasonable cause to believe that the child is in immediate physical danger or is suffering from serious physical illness or injury, and the conditions or circumstances surrounding the child's care require that DCF assume immediate custody to protect the child. Prior law was silent on these rights and duties.

Public Act 13-234, effective July 1, 2013, required DCF, in conjunction with the State Department of Education, to take steps to improve the academic achievement of children and youth in DCF or Judicial Branch custody. The act also required DCF to ensure that children ages 36 months or younger are screened for developmental and social-emotional delays if they are substantiated abuse and neglect victims or receiving DCF differential response program services. DCF must refer any child, found through the screening to exhibit such delays, to the Birth-to-Three Program or, if ineligible for this program, the Children's Trust Fund's "Help Me Grow" prevention program or a similar program. DCF was required to begin submitting annual reports on the screenings and referral program no later than July 1, 2014, and annually thereafter. Furthermore, effective October 1, 2013, the act allowed youth committed to DCF prior to age 18 to remain in DCF custody up to age 21 with their consent if they are enrolled in a full-time approved secondary education program or equivalent credential, enrolled full time in an institution that provides postsecondary or vocation education, or participating full time in a program or activity approved by the DCF commissioner designed to promote or remove barriers to employment. The act also allowed the DCF commissioner discretion to waive the full-time enrollment or participation requirement in compelling circumstances. It required DCF, within 120 days after the youth's 18th birthday, to file a motion in juvenile court to determine whether continuation of care is in the youth's best interest and, if so, whether there is an appropriate permanency plan. Once the court approves the plan, the law requires the commissioner to file another motion for review within 9 months. A hearing must be held within 90 days after the filing. The act extends this review process to permanency plans for 18 to 20 year-old youth in voluntary DCF custody.

Public Act 13-297, effective October 1, 2013, made it a form of risk of injury to a child for a person to intentionally and unreasonably interfere with or prevent a person who is required to report suspected child abuse and neglect (a mandated reporter) from carrying out this obligation.

The act made this a class D felony. The act also made it a crime when mandated reporters (e.g. school employees, police officers, certain medical professionals, and DCF employees) fail to report suspected child abuse or neglect to DCF. Under prior law, this inaction subjected them to $500 to $2,500 fines. This act makes it a class A misdemeanor requires the offender to participate in an educational and training program. Mandated reporters are required to report suspected child abuse or neglect within certain specified timeframes and, in the ordinary course of their employment or profession, have reasonable cause to suspect that a child under age 18 was abused or neglected; suffered a non-accidental physical injury or one that is inconsistent with the given history of such injury; or has been placed at imminent risk of serious harm.

Public Act 14-22, effective July 1, 2014, required DCF, in consultation with OEC, to adopt policies and procedures that maximize the enrollment of eligible preschool-aged children in eligible preschool programs, and submit such policies and procedures to the joint standing committees of the General Assembly having cognizance of matters relating to children, human services, education and appropriations. Additionally, DCF, in consultation with OEC, was required to submit a report to the aforementioned committees, not later than January 1, 2015, concerning (1) the number of eligible preschool-aged children who are enrolled in an eligible preschool program at the time such children are placed in out-of-home care; (2) the number of eligible preschool-aged children who are not enrolled in an eligible preschool program at the time of placement; (3) the number of children ages birth to 3, inclusive, who are placed in out-of-home care; (4) the number of eligible preschool-aged children who require special education and related services and the number and percentage of such children who enrolled in a preschool program; (5) an analysis of the availability of spaces in eligible preschool programs in relation to the geographic placement of eligible preschool-aged children; (6) an analysis of the availability of spaces in eligible preschool programs in relation to the nature and cost of such eligible preschool programs to DCF; (7) an analysis of eligible preschool programs and transportation options that will minimize costs to the department; and (8) a plan to provide priority access to eligible preschool-aged children at state and federally-funded preschool programs.

Public Act 14-217, effective upon passage on June 13, 2014, extended the period for which DCF may provide the periodic adoption subsidy in certain circumstances. DCF may continue to provide a periodic subsidy for a special needs child between ages 18 and 21 if the adoption was finalized on or after October 1, 2013; the child was age 16 or older when the adoption was finalized; and the child is enrolled full-time in an approved secondary education program or program leading to an equivalent credential, enrolled in a full-time postsecondary or vocational institution, or participating full-time in a program or activity approved by the commissioner and designed to promote or remove barriers to employment. The act gives the commissioner the discretion to waive the full-time requirement in compelling circumstances. DCF is also required to annually review periodic subsidies for 18 to 21 year-old special needs children, as opposed to biennially, if the child is under age 18. It eliminates a requirement that the commissioner perform the review in accordance with an established schedule. DCF must continue to provide the subsidy to the 18 to 21 year-old child if the child's adoptive parent, at the time of review, submits a sworn statement that the child meets the education or employment requirements.

RÉSUMÉ OF OPERATIONS

Funding for the general operations of DCF was provided by budgeted appropriations from the General Fund and restricted contributions, primarily in the form of federal grants.

The federal government reimburses a significant amount of DCF operating expenditures under the Title IV-E Foster Care (FC) and Adoption Assistance (AA) programs. The Foster Care Program provides assistance on behalf of eligible children who are placed away from their families in foster care under the administration of the state. The Adoption Assistance Program provides assistance on behalf of eligible children who are adopted through the state. These programs reimburse the state for a portion of board and care costs, adoption subsidies, and DCF administrative costs on behalf of eligible children.

General Fund

Receipts

General Fund receipts for the past 3 fiscal years are summarized below:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Receipts	$98,430,761	$106,206,076	$118,984,653

General Fund receipts consist primarily of Foster Care and Adoption Assistance reimbursements. The increases in General Fund receipts during the audited period were attributable to the raising of the age of children served under the FC and AA from 18 to 21, the claiming of federal maintenance guardianship assistance program payments beginning during fiscal year 2013-2014 and increasing thereafter, and prior period adjustments.

Expenditures

General Fund expenditures for the past 3 fiscal years are summarized below:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Personal Services	$247,072,305	$256,279,230	$275,477,211
Workers' Compensation Payments	10,474,191	9,883,796	10,551,940
Contractual Services and Commodities	42,501,135	49,279,622	47,059,262
Purchase of Service Payments/Grants	191,853,645	190,558,776	195,482,594
Board and Care Payments	281,341,709	266,007,585	262,244,294
Capital Outlays	14,026	344,822	62,212
Total Expenditures	**$773,257,011**	**$772,353,831**	**$790,877,513**

Total General Fund expenditures decreased by $903,180 and increased by $18,523,682 in the fiscal years ended June 30, 2014 and 2015, respectively. The decrease in fiscal year 2013-2014 was attributable to a decline in board and care payments offset by an increase in personal and contractual services. Board and care payments declined as the department began placing children into more family-based foster homes instead of higher cost residential facilities. The increase in fiscal year 2014-2015 was mostly attributable to increases in personal services expenditures due to the significant increase of social worker positions, employee salary increases, and bonuses.

Special Revenue Funds

Grants and Restricted Accounts Fund

Receipts

Grants and Restricted Accounts Fund receipts during the audited period are summarized below:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Federal Receipts	$13,592,444	$14,846,836	$14,924,433
Non-Federal Receipts	2,519,664	3,321,669	3,491,123
Other	20	16	8
Total Receipts	**$16,112,128**	**$18,168,521**	**$18,415,564**

Receipts increased by $2,056,393 in the fiscal year ended June 30, 2014 compared to the fiscal year ended June 30, 2013, due to increases in several federal and non-federal grant programs.

Expenditures

DCF made expenditures from the Grants and Restricted Accounts, Capital Equipment Purchase, and Grants to Local Governments and Others Special Revenue Funds during the audited period. Special revenue fund expenditures are summarized for the past 3 fiscal years below:

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Personal Services/Fringe Benefits	$1,568,344	$1,890,361	$1,725,397
Contractual Services and Commodities	6,623,192	7,676,469	8,190,579
Grants/Transfers	11,444,483	13,228,953	11,401,249
Capital Outlays	701,256	1,349,330	517,732
Total Expenditures	**$20,337,275**	**$24,145,113**	**$21,834,957**

Special revenue fund expenditures increased by $3,807,838 in the fiscal year ended June 30, 2014, compared to the fiscal year ended June 30, 2013. The increase was mostly attributable to growth in contractual services, grants and transfers, and capital information technology hardware expenditures. Expenditures decreased by $2,310,156 in the fiscal year ended June 30, 2015, compared to the fiscal year ended June 30, 2014, primarily due to decreases in personal services, grants, and capital outlays offset by an increase in contractual services.

Capital Projects Funds

Expenditures from various capital projects funds during the fiscal years ended June 30, 2014 and 2015 totaled $493,452 and $2,233,821, respectively. Capital project expenditures were primarily for property repairs, capital outlays, grants, and electronic data processing contractual services.

Fiduciary Funds

DCF administered a number of accounts/funds in a fiduciary capacity during the audited period. A brief description of the accounts/funds and their purpose follows:

Children's Trust Accounts:

Under the provisions of Section 46b-129 of the General Statutes, the commissioner of the Department of Children and Families may be appointed guardian of any uncared for, neglected, or dependent child committed to the commissioner by the superior court. Furthermore, Section 46b-129 (l), provides that the commissioner may bill and collect from the person in charge of the estate of any child or youth aided by the commissioner, including the decedent estate or the payee of such child's or youth's income, the total amount expended for care of such child or youth or such portion thereof as any such estate or payee is able to reimburse.

A child's income is derived primarily from Social Security benefits, survivor benefits, and other contributions received on behalf of some children placed in the department's care. DCF establishes individual trust accounts for children receiving benefits. These accounts are used to oversee the child's income and the cost of DCF care. The department makes periodic disbursements from these accounts to the Department of Administrative Services for the cost of the child's care. Cash receipts from these accounts totaled $8,118,381 and disbursements totaled $8,058,332 for the 2-year period ending June 30, 2015.

Trustee Accounts:

These funds were established to account for private gifts, donations, and revenue derived from operations that pertain to activities of the children. Funds are used for the welfare and activities of children under DCF care. The DCF central office and all of the department's facilities administered trustee accounts during the audited period. Cash receipts and disbursements from these funds totaled $252,692 and $260,932, respectively, during the audited period.

Donation Fund – CJTS:

Funds in this account are used for activities for residents at CJTS. Assets in this account consist of cash, investments, and real estate. Total assets in this account as of June 30, 2015 were $435,549. Cash receipts and disbursements from this fund totaled $52,690 and $61,757, respectively, during the audited period.

Residents' Cash Funds:

These funds are maintained to control the custodial accounts of individuals residing at DCF facilities. Assets belonging to the residents, such as monies in their possession at admission, monetary gifts, and wages earned through work programs are the major sources of receipts for these funds. Cash receipts and disbursements from these funds totaled $87,402 and $85,836, respectively, during the audited period.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

The following recommendations resulted from our current review of the Department of Children and Families:

CONTROL ENVIRONMENT

Access Controls of the LINK System Need Improvement

Background: LINK is the Department of Children and Families' statewide automated child welfare information system used for various functions, including child protective services, intakes and referrals, investigations, case narratives, child placement histories, central registry, facility case management, provider licensing, payment generation, budgeting, and federal reimbursement. DCF assigned access to approximately 3,400 LINK users and 57 user-groups. When an employee is hired, the supervisor selects the user-group and submits a DCF-2116 Network/Security Change Request Form to the Information Systems (IS) unit.

Criteria: Documentation of a well-controlled system should be complete and current to help ensure that controls are fully understood and adequately applied.

Sound business practice requires that the ability to view or change data be restricted to only those employees whose direct job responsibilities require such access. Access should be granted only after a review to determine that the employee has the requisite responsibilities. An agency should periodically review access granted over sensitive areas to ensure employees continue to have access requisite with their job responsibilities. Proper segregation of duties should be established when assigning access.

Condition: Our prior review of LINK system access disclosed that DCF does not clearly define user and security groups. Consequently, it cannot determine whether employees' LINK access was appropriate for their job responsibilities. The department does not maintain detailed documentation describing which information the user-group would access. Therefore, supervisors and managers may not be fully knowledgeable about the level of access that they are approving.

There is still inadequate segregation of duties within certain levels of LINK. Testing disclosed 2 users with the ability to create and approve providers, as well as request and approve payments to providers.

Effect: Supervisors may approve LINK access that is unnecessary for the performance of the employee's job responsibilities and lacks appropriate segregation of duties.

Cause: Supervisors and managers assign user-group levels based on the access level they deem necessary and that is generally the same as access granted to personnel in similar positions. The department does not regularly reassess its access levels.

Recommendation: The Department of Children and Families should strengthen internal controls to ensure that those responsible for approving access for LINK users have sufficient information to select appropriate access levels. The department should periodically reassess its employees' LINK access to ensure it is still needed for their job responsibilities and that proper segregation of duties exists. (See Recommendation 1.)

Agency Response: "The Department agrees with this finding.

The Child Welfare Accounting Unit continues to work in collaboration with Information Systems Division and the Human Resources Division to strengthen internal controls and ensure segregation of duties regarding LINK activity."

Strengthen Controls over Proxy Card Usage, Security, and Employee Attendance

Background: The Department of Children and Families administers programs and services through a network of 14 area offices located throughout the state. These offices fall into six regions under the supervision of regional administrators. Social workers use LINK, the DCF statewide automated child welfare information system, for various functions, including child protective services, intakes and referrals, investigations, case narratives, child placement histories, central registry, facility case management, provider licensing, payment generation, budgeting, and federal reimbursement.

Proxy card readers are located at the central office and the majority of the area offices. The readers allow authorized cardholders entry and access to various parts of the building. Reports are available from the proxy card system that identify the swipe times of the employees entering or moving throughout the buildings.

Criteria: Title 45 Code of Federal Regulations (CFR) 164.310(a)(1) provides that a covered entity must implement policies and procedures to limit physical access to its electronic information systems and the facility or facilities in which they are housed, while ensuring that properly authorized access is allowed. Title 45 CFR 164.310(a)(2)(ii) states that covered entities must implement policies and procedures to safeguard the facility and equipment from unauthorized physical access, tampering, and theft. Title 45 CFR 164.310(a)(2)(iii) states that covered entities must implement procedures to control and validate a person's access to facilities based on the role or function, including visitor control.

Section 5-238 of the General Statutes requires the commissioner of the Department of Administrative Services to adopt regulations for establishing and maintaining uniform and equitable hours of work. The number of required daily on-duty hours for any employee shall be uniform for all with positions in the same class, unless specifically provided otherwise. In addition, collective bargaining contracts specify the number of hours in a work week for applicable positions.

Condition: We previously reported that employees stationed at the area offices appeared to be arriving late to work a significant number of times. Our current analytical review, covering January through March of 2015, again found that there was limited proxy card information. The employees we judgmentally selected for review may still have been frequently arriving late to work. We also found that these employees did not take leave time to account for their late arrivals. We could not determine whether the employees were actually late or gained access to the building in some other way, such as following another employee or entering via the security guard. We also could not determine whether the employees worked late because DCF does not capture this information using proxy cards.

Limited proxy card information not only impacts the department's ability to monitor employee attendance, but also calls into question building security. Proxy card reports that do not support employee arrival times or, in some instances, appearance for the entire day, indicate that employees may be circumventing building security controls.

Effect: Without the enforcement of strong security protocols, there is an increased risk that unauthorized individuals may gain access to the department's offices.

When employees do not use their proxy cards to access and move throughout offices, the department cannot monitor employee attendance.

Cause:	DCF does not appear to be enforcing the use of proxy cards to gain entry to its various offices. Employees may be circumventing building security controls. Management oversight over employee attendance still appears to be lacking.
Recommendation:	The Department of Children and Families should develop and implement policies and procedures to strengthen controls over its building security to ensure employee safety and information system security. The department should also strengthen internal controls over the monitoring of attendance to ensure that employees work their scheduled hours or appropriately charge leave time. (See Recommendation 2.)
Agency Response:	"The Department agrees with this finding. As indicated in our previous response to this same finding, the Department has been investigating technical solutions to remedy this finding. DCF partnered with DMHAS to do a Lean event on all timekeeping related issues including scheduling, leave management and timekeeping. An RFP was issued in the spring of 2016 for an off-the-shelf solution. This solution was selected taking into consideration the needs of 24/7 operations, as well as, standard office environments and mobile workforces. All State Agencies experiencing similar struggles and the need for efficiency will be able to use the solution, making connectivity to CORE more likely and worthwhile. DAS is currently engaged in the final contract negotiations for this solution. DAS has also recently received funding for the first phase of this project through the IT Strategic Bonding program. The initial agencies will be DCF, DMHAS, DVA and DESPP. This system will require all employees to check in and out of buildings using a scan device that will populate an electronic timecard for processing time records to CORE to produce the payroll. Mobile workers will have the ability to check in via a mobile device that geo-fences their location as having arrived at their worksite. This same application can be used by workers reporting at sites without scan devices. These timekeeping devices will not be wired to operate the door mechanisms, so it will still be incumbent on workers not to hold doors open for others when entering to ensure proper building security. Employees will be able to use the same scan card to check in for time purposes as are used for operating the door locks. The project plan indicates a DCF implementation date in the fall of 2018."

Outdated Information Technology Business Continuity Plan

Background: The DCF business continuity plan (BCP) is intended to minimize service disruption and the negative impact to children and families as a result of potential information system disasters. The execution of the plan facilitates the continuation of vital processes and the eventual orderly resumption to normal operations.

Criteria: The National Institute of Standards and Technology Special Publication 800-53, Revision 4, provides Contingency Planning (CP) security controls for information systems. Specifically, CP-1 states that the organization reviews and updates the current contingency planning policy and procedures at the organization-defined frequency.

DCF requires an annual review and update of its business continuity plan. Each team leader must maintain a current copy of the BCP, including employee home and office contact information.

Condition: Our review disclosed that the department does not adequately update and review its business continuity plan report annually. As we previously reported, the current copy of the BCP has not been certified and updated since March 26, 2012.

Effect: DCF may not be adequately prepared for a service disruption. If DCF does not have an up-to-date business continuity plan, the department may be unable to resume normal operations in a timely manner.

Cause: DCF informed us that due to time constraints and its development of a new plan, the department has not updated its existing business continuity plan.

Recommendation: The Department of Children and Families should improve internal controls to ensure its business continuity plan is updated regularly and reflects the current conditions of the agency. (See Recommendation 3.)

Agency Response: "The Department agrees with this finding.

In FY18, responsibility for updating, maintaining, and managing the Central Office Continuity of Operations Plan (COOP/BCP) was moved to the Office of Performance Management. Since that time, the plan has been updated, the Incident Management Team reconfigured and an Implementation Team that includes IS, Engineering, and Careline managers has been developed and activated. Education, exercises, and drills are anticipated to begin in April/May of 2018."

Statutorily Required Reports

Criteria: Various general statutes require the reporting of certain information by DCF as follows:

- Section 4-68y – Report on plans to address disproportionate minority contact in the juvenile justice system;

- Section 17a-22m – Annual evaluation of the Behavioral Health Partnership (BHP) and a report, in accordance with section 11-4a, on the provision of behavioral health services under BHP, including information on the status of any administrative services organization implementation, the status of the collaboration among the Departments of Children and Families, Social Services, and Mental Health and Addiction Services, the services provided, the number of persons served, program outcomes and spending by child and adult populations;

- Section 17a-22n – Monitor the implementation of the Behavioral Health Partnership (BHP) and annually report as to the estimated cost savings, if any, resulting from implementation of BHP;

- Section 17a-32a – DCF facilities report annually on aggregate profiles of the residents, description of and update on major initiatives, key outcome indicators and results, costs associated with operating the facility, and a description of education, vocational and literacy programs, and behavioral, treatment, and other services available to residents and their outcomes;

- Section 17a-62 – Annual report, in accordance with section 11-4a, to monitor certain at-risk children and youth in DCF custody;

- Section 17a-62a – Annual report, prepared in accordance with section 11-4a regarding the program that provides public outreach, respite housing, and/or transitional living services for homeless youth and youth at risk of homelessness, which shall include key outcome indicators and measures, recommendations for any changes to the program to ensure the best available services are being delivered, and shall set benchmarks for evaluating progress in accomplishing the purposes of the program.

- Section 17a-63 – Annual report, prepared in accordance with section 11-4a and within available appropriations, regarding the results of comprehensive objective reviews conducted by DCF, including any recommendations contained in such reviews and any steps taken by the department to implement such recommendations, the aggregate data from each administrative case review, including any information regarding the strengths and deficiencies of the department's case review process, and any steps the department is taking to address department-wide deficiencies.

- Section 17a-63a – Annually report, in accordance with section 11-4a, on the department's progress in implementing the steps taken under section 17a-63, including the number of service types, provided by a private provider, with outcomes, the types of outcomes, the incorporation of such outcomes into contracts, and the application of outcome information into quality improvement.

Condition: DCF did not prepare or submit these statutorily required reports one or both of the fiscal years ended June 30, 2014 and 2015.

Effect: The intended recipients of the reports are not able to evaluate the required information.

Cause: DCF may not have prepared or submitted these reports due to lack of staff and funding. DCF also informed us that, in some instances, the reporting requirements may have become obsolete.

Recommendation: The Department of Children and Families should report required information in accordance with the General Statutes or seek to revise or repeal obsolete requirements. (See Recommendation 4.)

Agency Response: "The Department agrees with this finding.

The DCF Legislative Program Manager maintains a list of all statutorily required reports however this individual is not assigned the task of monitoring the reporting requirements to ensure agency compliance. The Department is in the process of reviewing the list of all statutorily required reports and assigning responsibility for each report to a specific DCF unit."

FOSTER CARE/ADOPTION ASSISTANCE

Controls over Revenue Maximization

Background: DCF utilizes child placing agencies (CPA) that offer special-rate therapeutic foster care services to DCF clients on a child-specific basis. The CPA and the department enter into contracts for each child based on their specific needs. The contracts outline each child's services. The child-specific per diem service rates include the maintenance payment to foster parents, administrative costs, and in some instances, support or other services deemed necessary in the child's care plan. Some of the services in the child's care plan may not be reimbursable under the Title IV-E Foster Care Program.

Criteria: Funds may be expended for foster care maintenance payments on behalf of eligible children. Title 42 United States Code (USC) Section 675(4)(A) defines the term "foster care maintenance payments" as payments to cover the cost of providing food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation.

Title 45 CFR Section 1356.60(c) states that funds may be expended for costs directly related to the administration of the program that are necessary for the proper and efficient administration of the Title IV-E Plan. Title 45 CFR Section 1356.60(c)(3) states that allowable administrative costs do not include the costs of social services provided to the child, the child's family or foster family which provide counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions.

Title 45 CFR Section 201.5(a)(3) requires that the state submit a quarterly statement of expenditures. The quarterly maintenance payments, along with the administrative costs, are reported on separate lines of the Form CB-496, *Title IV-E Programs Quarterly Financial Report* (CB-496) in accordance with the report's instructions.

One purpose of the DCF Revenue Enhancement Division is to maximize the recoupment of expenditures from various federal resources for DCF services to children and families (Department Uniform Policy Manual, Section 16-2).

Condition: DCF claims the payments made to the child placing agencies as maintenance payments on the federal CB-496 for federal claiming purposes, even though the payments contain multiple components.

Our review, as of October 1, 2016, disclosed that the Revenue Enhancement Division (RED) began reducing the federal claim by 9% to adjust for unallowable activities that may be part of the per diem rates paid to CPAs for therapeutic foster care services. However, RED does not perform an individual analysis of all components of certain child-specific per diem rates prior to claiming the associated costs for federal reimbursement.

We also identified $6,665,971 in known administrative costs that DCF incorrectly claimed as maintenance costs and subsequently reduced by 9% ($599,937, of which $299,968 was the federal share) instead of the full amount reported on the correct federal reporting line of the CB-496.

Effect: Because the per diem rates DCF used for federal reimbursement did not clearly distinguish between eligible or ineligible services for Title IV-E reimbursement, the lack of review of all child-specific rates lessens the department's assurance that it claimed correct amounts for federal reimbursement. The department may be forgoing federal funds.

The administrative costs that DCF incorrectly claimed resulted in a $299,968 loss of federal revenue.

Cause: DCF did not adequately design its claiming process to accurately identify costs of allowable and unallowable services included in certain per diem rates. The department has not implemented alternate procedures to ensure that federal reimbursement is maximized by properly claiming all costs of the Title IV-E Foster Care Program.

Recommendation: The Department of Children and Families should develop procedures to calculate actual allowable costs to ensure that revenue is maximized and that all amounts claimed for reimbursement are adequately supported. DCF should base claims for federal reimbursement on the contract's actual percentage of allowable reimbursable costs. (See Recommendation 5.)

Agency Response: "The Department agrees with this finding.

The recommended adjustments to the claiming process to ensure the calculation of the actual allowable costs will be incorporated within the implementation of the new CCWIS [Comprehensive Child Welfare Information System] system. The system will be able to provide more detailed reporting."

Internal Controls over the Use of Debit Cards

Background: The Department of Children and Families issues debit cards through its Board and Care account to enable social workers and others to purchase items necessary for the well-being of children. DCF blocks the use of debit cards to obtain cash or buy liquor or tobacco and to gamble. However, although the purchase of tobacco and alcohol is blocked, the items may be purchased from a vendor with an approved merchant code, such as a grocery store.

Certain debit card payments may be federally reimbursable under the Title IV-E program if the service type is allowable and the child is eligible. Although the information is available to determine each transaction separately, the department does not have an automated process to determine which debit card payments are federally reimbursable.

Criteria: Sound internal controls should include adequate support of purchases, such as receipts, to ensure proper use of funds.

Revenue should be maximized, whenever possible, and allowable payments should be claimed under the federal Title IV-E program.

Condition: Our review of debit cards for the fiscal years ended June 30, 2014 and 2015 revealed that the department does not require that receipts be submitted to support purchases.

We also found that the department has not implemented a process to claim debit card purchases made on behalf of an IV-E eligible child for an allowable item or service, under the Title IV-E Foster Care Program.

Effect: There is no assurance that debit cards were used as intended.

DCF did not maximize revenue when it failed to claim allowable debit card payments for federal reimbursement under Title IV-E.

Cause: DCF does not require debit card users to submit receipts to support debit card purchases, because it does not believe clients or employees would comply.

It appears that the department has not reviewed debit card payments to determine the total that is federally claimable. The department has not developed and implemented a cost-effective, automated process to federally claim those payments.

Recommendation: The Department of Children and Families should implement procedures to obtain supporting documentation ensuring that debit card purchases are proper.

The department should develop and implement a cost-effective process to claim allowable debit card purchases under Title IV-E. (See Recommendation 6.)

Agency Response: "The Department agrees with this finding in part.

The Department will develop a process regarding allowable debit card purchases in relation to Title IV-E claiming. For the audited fiscal years, CWA processed in excess of 7,000 debit cards. It would be difficult to secure the corresponding receipts for purchases associated with each debit card. The Department will work in conjunction with the issuing bank to develop a monthly report that can identify the debit card number, the issued amount, the store identifier, the purchased amount and the equivalent merchandise category codes for reconciliation purposes."

Failure to Expend Funds from Dedicated Accounts

Background: The Department of Children and Families maintains separate trust accounts for children in its custody who receive income. The major sources of income are Social Security death benefits and Supplemental Security Income (SSI). Recurring benefit payments are deposited into a trust checking account administered by the department. Individual accounts are established as a checking account for each child. Each month, the department calculates the cost of the child's care and recovers these costs from the child's account.

Occasionally, DCF receives certain large past-due SSI payments on behalf of blind or disabled children. The Social Security Administration (SSA) requires that these funds are not comingled with other funds and are paid directly into a separate dedicated account because they may only be used for certain expenses primarily related to the child's impairment.

Criteria: Title 42 USC Section 1383(a)(2)(A) provides that, upon determination by the Commissioner of Social Security that the interest of such individual would be served thereby, such payments shall be made to an organization (referred to as the individual's "representative payee") for the use and benefit of the individual. Title 42 USC Section 1383(a)(2)(F) states that each representative payee of an eligible individual under the age of 18 who is eligible for the payment of benefits shall establish on behalf of such individual an account in a financial institution into which such benefits shall be paid, and shall thereafter maintain such account for use. A representative payee shall use funds in the account established to pay for allowable expenses, such as education or job skills training, personal needs assistance, special equipment, housing modification, medical treatment, therapy or rehabilitation or any other item or service the Commissioner of Social Security determines to be appropriate, provided that such expense benefits such individual and is related to their impairment.

Condition: While the department is using funds in the dedicated account for children's therapeutic care, the child's social worker may be aware of other goods or services that may benefit the child. DCF makes these payments to children and their families not covered under traditional contracted services from its board and care account. Some of these may be more appropriately paid out of the children's dedicated accounts. As of June 30, 2015, the aggregate balance of the dedicated accounts was $217,421.

Effect: DCF may be expending more state funds than necessary by not using children's dedicated accounts to obtain impairment-related goods and services. In some instances, children may not be receiving these goods and services due to their cost to the state or unique nature.

Cause: DCF administrative procedures do not adequately address the management of these types of accounts and funds. SSI past-due payments are made directly from the Social Security Administration to the bank. DCF does not inform social workers that these funds are available for the child's benefit.

Recommendation: The Department of Children and Families should implement procedures to ensure that funds in children's dedicated accounts are used for impairment-related expenses. (See Recommendation 7.)

Agency Response: "The Department agrees with this finding.

The agency solicited assistance from the local Social Security Administration (SSA) office to guide and refine an appropriate process that allows DCF to utilize a beneficiary's dedicated account to offset expenses related to the impairment of the child. The Department has also implemented a procedure for reviewing children who are benefitting from Therapeutic Foster Care (TFC) so that any dedicated funds associated with each child can be utilized to offset the cost for services. DCF and the local Social Security Administration office has streamlined a process to manage the required SSA approval of these allocations."

Internal Controls over Wraparound Funds

Background:

Section 36-100 of the DCF Policy Manual states that wraparound (wrap) funds may be used for the benefit of any child and biological, foster, relative or adoptive family that has an open case with the department. DCF uses these funds to provide services to children and their families not covered under traditional contracted services or services offered by another state agency. The funds may be used to reduce risk factors and permit children to remain in their own homes, to delay entry or reduce the children's length of stay in out-of-home care, and to provide timely support and resources for families.

DCF uses a web-based proposal system in which social workers enter their requests or proposals for wrap funds, and supervisors authorize the expenditure. In addition, 6 regional grants and contracts specialists assist social workers with wraparound fund requests and review problems that arise.

Criteria:

Proper internal controls over wraparound payments should ensure that the department:

- Properly authorizes services and costs prior to their commencement.
- Makes payments for authorized services at approved amounts.
- Maintains documentation to support that it actually received services.
- Invoices and correctly pays for services.

Condition:

Our review of 16 wraparound payments selected from three area offices and the central office during the fiscal years ended June 30, 2014 and 2015, totaling $38,618, disclosed deficiencies related to 8 payments, totaling $18,983. DCF did not have, or did not receive on time, service proposals for these 8 payments. In addition, for 2 of these 8 transactions, DCF did not have payment information such as authorization, provider invoices, and support for client services on file.

Effect:	Management has less assurance that wraparound funds are being economically and efficiently expended and properly utilized.
Cause:	Although DCF expended a great deal of effort to improve internal controls over wraparound funds, the department did not consistently apply procedures during the audited period.
Recommendation:	The Department of Children and Families should improve and effectively implement internal controls over wraparound funds. (See Recommendation 8.)
Agency Response:	"The Department agrees with this finding. The oversight for credentialed services, which are a subset of wraparound funded services, moved to contract management in 2014. Grants and Contracts Specialists in place in all regions provide group and individual training to social work staff in the completion of wrap proposals. The Grants and Contracts Specialist also review invoices and service plans to see that wraparound funds are the appropriate source of payment. The overall amount of wrap funds expended has decreased over the last three years."

Residential Treatment Center Contracts

Criteria:	Section 4-70b (f) of the General Statutes prohibits state agencies from hiring a private provider organization to provide direct health or human services to agency clients without executing a purchase of service contract. Section 4-70b (a)(5) of the General Statutes defines private provider organizations as non-state entities that are either a nonprofit or proprietary corporation or partnership that receives funds from the state to provide direct health or human services to agency clients.
Condition:	DCF continues to use provider agreements for residential treatment services, where payments are based on rate letters for actual services provided. The department does not use the standard purchase of service (POS) contract developed by the Office of Policy and Management (OPM).
Effect:	DCF did not comply with Section 4-70b (f) of the General Statutes.
Cause:	DCF believes that it is more cost effective to use its Agreements to Provide Residential Treatment Services, because under this type of arrangement, DCF is not obligated to use the provider, and payments to providers are based on rates for actual services received. The

standard OPM purchase of service contract obligates the department to make quarterly payments, based on maximum capacity, prior to receiving the services. The department feels that it is unlikely that OPM or the Office of the Attorney General would agree to the modification of the standard POS contract for DCF's purposes.

Recommendation: The Department of Children and Families should use standard Office of Policy and Management purchase of service agreements when contracting with residential treatment centers or consult with the Office of the Attorney General to develop a modified purchase of service contract that suits its needs. (See Recommendation 9.)

Agency Response: "The Department disagrees with this finding.

POS contracts specify that payments will be made through the CORE-CT system quarterly in advance of services. Payment for residential services is child-specific and paid through Child Welfare Accounting upon submission of monthly invoices for service delivered in the previous month. The POS template language is approved through by the Attorney General and cannot be edited to reflect the payment process for Fee-for-Service. Further, the Single Cost Accounting System is specified in statute as the method for setting rates and is based on actual expenditures. The payment system cannot be changed without significant cost for services not received. The Department's Residential Provider Agreement and Single Cost Accounting Reporting provide appropriate safeguards and oversight for the accuracy of charges and the service delivery from residential providers."

Auditors' Concluding Comment: DCF should consult with the Office of the Attorney General to develop a modified POS contract that suits its needs.

FINANCIAL SYSTEMS

Internal Controls over Fiduciary Funds

Background: The Department of Children and Families administers a multitude of accounts and funds in a fiduciary capacity. The central office administers the Our Kids Account, which is used by the area offices, and the Children's Trust Funds, which are used to account for benefits received by children in DCF care. Each of the department's three facilities (CJTS, Solnit-North and Solnit-South) also maintain funds and accounts.

Criteria:

Section 4-32 of the General Statutes requires that any state agency receiving money or revenue for the state, in amounts up to $500 or more, shall account for and pay the same to the Treasurer or deposit in the name of the state within 24 hours of its receipt. Total daily receipts of less than $500 may be held until the total receipts to date amount to $500, but not for a period of more than 7 calendar days. The Treasurer is authorized to make exceptions to the limitations herein prescribed upon written application from the head of any state agency stating that compliance would be impracticable and giving reasons therefor.

The state *Accounting Procedures Manual for Trustee Accounts* prescribes the rules for maintaining all trustee accounts operated in any state facility. Internal control procedures identified in the manual include the following:

- Cash receipts are to be recorded in a cash receipts journal.

- Agencies must establish a policy statement identifying suitable uses for the funds that would benefit the clients. The policy statement must include information on the type of authorized and prohibited purchases. All payments for goods and services should be supported by vendor invoices or receipts from individuals.

- A comparative balance sheet, together with a statement showing the financial operations of the fund for the year, must be prepared at the end of the fiscal year. The department must file copies of the balance sheet and related statements with the Office of the State Comptroller as required. The department should maintain subsidiary records, as necessary, to properly account for the financial operations of the fund.

- DCF should prepare monthly bank account reconciliations. Sound internal control dictates that the department should segregate the responsibility for preparing and approving bank account reconciliations from other cash receipt or disbursement functions.

Condition:

Our review of the various DCF administered funds and accounts during the fiscal years ended June 30, 2014 and 2015 revealed the following:

- We found that DCF did not timely deposit or did not support receipts from various funds and accounts as follows:

- ❖ Children's Trust Fund: Our review of 25 checks revealed that DCF deposited 19, totaling $16,042, between 10 and more than 40 days late.

- ❖ Our Kids Fund: Our review of 10 checks revealed that DCF deposited 2, totaling $7,310, 2 days late. The department was unable to provide support for one $150 receipt. Therefore, we could not determine the timeliness of the deposit.

- ❖ Solnit-South: Our review of 10 checks revealed that DCF deposited 6, totaling $9,286, between 2 and 12 days late.

- DCF has no procedures in place for area offices to track or process the receipts for the Our Kids Fund. The central office is not aware of the receipts until the area offices send funds to be deposited.

- DCF could not provide support for 2 of 10 Our Kids Fund disbursements reviewed, totaling $475. Therefore, we could not determine whether the purchases were appropriate and authorized.

- Our review of fiduciary fund financial statements revealed that DCF did not prepare comparative balance sheets for the fiscal years ended June 30, 2014 and/or 2015 for the Children's Trust Fund and the Solnit-North's Trustee Fund.

- A review of fiduciary fund bank account reconciliations found that DCF did not properly perform some reconciliations. In addition, we found segregation of duties was lacking due to staff shortages in some facilities.

- DCF does not have policy statements identifying the types of authorized purchases for all of its trustee accounts.

Effect: DCF has less assurance that funds are being properly used and transacted in accordance with state statutes and accounting policies and procedures.

Cause: Internal controls over the various fiduciary funds were inadequate.

Recommendation: The Department of Children and Families should improve its internal controls over fiduciary funds and comply with Section 4-32 of the General Statutes by depositing funds in a timely manner or obtaining a waiver to the requirements from the Office of the State Treasurer. (See Recommendation 10.)

Agency Response: "The Department agrees with this finding.

The agency formally submitted an exemption from the Office of the State Treasurer requesting an exemption to the twenty-four hour deposit and reporting rule. Of its twenty-two bank accounts, DCF requested a waiver for eight of its accounts."

Internal Controls over Property Control and Reporting

Background: The Department of Children and Families (DCF) central office, including the area offices, and its three facilities – CJTS, Solnit-North and Solnit-South – maintained their own inventory records and prepared separate Asset Management/Inventory Report/GAAP Reporting Forms (CO-59) during the audited period.

Criteria: The state *Property Control Manual* requires that state agencies annually report the value of all property owned by them to the State Comptroller on the CO-59 form. Agencies are required to generate this information from the state's Core-CT asset management module for assets that are capitalized. Assets that have an expected useful life of one or more years and have a value or cost of $1,000 or more are required to be capitalized. Agencies are instructed to use asset management queries to complete the CO-59 form. If the values on the CO-59 do not reconcile with Core-CT, the agency must provide a written explanation of the discrepancy in an attachment.

The physical inventory must be completed by June 30th of each fiscal year. Agencies must conduct the physical inventory of assets in the Core-CT asset management module by using a hand held scanner count or manual count.

Condition: Our review all of the DCF offices and facilities property records and CO-59 reports noted the following:

Central Office

- DCF overstated equipment additions on the CO-59 by $173,304 for the fiscal year ended June 30, 2015, as they were part of the 2014 fiscal year ending balance adjustment.

- DCF incorrectly showed capitalized equipment on the CO-59 as an easement addition of $9,000. DCF incorrectly categorized another capitalized equipment item, costing $2,500, as controllable and was omitted from the CO-59 for the fiscal year ended June 30, 2015.

- DCF overstated licensed software additions by $6,501 on the CO-59, as they were part of the 2014 fiscal year ending balance adjustment. The licensed software adjustment for the fiscal year ended June 30, 2014 also contained an additional $1,370, which was erroneously included as equipment additions in fiscal year 2015 and, therefore, overstated that category.

<u>CJTS</u>

The facility reported $1,500,000 for state-owned software on the CO-59 reports for the fiscal years ended June 30, 2014 and 2015 that were not supported by subsidiary records.

<u>Solnit-North</u>

Our review of the CO-59 report for the fiscal year ended June 30, 2014 revealed numerous errors as follows:

- DCF did not carry forward the beginning balance for site improvements from the fiscal year ended June 30, 2013 ending balance.

- DCF overstated building values by $44,490, as an adjustment should have been made for improvements erroneously capitalized in fiscal year 2013.

- DCF did not support equipment additions and deletions reported by information in the Core-CT asset module. The department did not calculate the ending balance using the beginning balance and equipment additions and deletions.

- DCF did not have supporting documentation available to verify amounts reported in the stores and supplies category, including food inventory.

As a result of the errors above, DCF calculated the CO-59 report for the fiscal year ended June 30, 2015 based on incorrect beginning balances.

The department could not confirm that it performed a physical inventory at Solnit-North in the fiscal year ended June 30, 2014, because the results were not uploaded into the Core-CT asset management module.

Effect: DCF inaccurately reported the value of property it owned to the State Comptroller

Cause: DCF had inadequate internal controls over property control and reporting. Agency personnel responsible for property control and reporting appear to lack a sufficient understanding of policies and procedures contained in the state *Property Control Manual*. In addition, there was high turnover in personnel at Solnit-North during the audited period.

Recommendation: The Department of Children and Families should improve internal controls over its property control and reporting systems. (See Recommendation 11.)

Agency Response: "Central Office
The Department agrees with this finding.

In April 2016, a revised CO-59 for Central Office for fiscal year 2015 was submitted to the Office of the State Comptroller to rectify the errors.

CJTS
The Department agrees with this finding.

The Department will still be utilizing this asset and will continue to reflect it on its CO-59, even with the pending closure of CJTS.

Solnit-North
The Department agrees with this finding as it relates to the CO-59 for June 30, 2014. In March 2016, revised CO-59s for Solnit North for fiscal years 2014 and 2015 were submitted to the Office of the State Comptroller to rectify the errors.

The Department agrees with this finding in part as it relates to the physical inventory for FY2014. It is correct that Solnit North failed to download its inventory in Core-CT, but it did complete a physical inventory."

Agency Administered Projects

Criteria: Section 4b-52(a)(1) of the General Statutes states that no repairs, alterations or additions involving expense to the state of $500,000 or less shall be made to any state building or premises occupied by any department and no contract for any constructions, repairs, alterations or additions shall be entered into without the prior approval of the Commissioner of Administrative Services. Repairs, alterations or additions which are made pursuant to such approval of the Commissioner of Administrative Services shall conform to all guidelines and procedures established by the Department of Administrative Services (DAS) for agency-administered projects.

Section 5.1 of the DAS *Agency Administered Projects Procedure Manual* states that, when a client agency receives approval to self-administer the construction phase of a project, the client agency's responsibilities include, in part, the coordination of the approval of the certificate of compliance. Section 5.3.5.1.1 further states that all projects (whether completed or not) must have a certificate of compliance for the construction portion of the project, which must be signed by the client agency's authorized representative certifying that, to the best of that person's knowledge, "the completed project…is in substantial compliance with the approved plans and specifications and the requirements of the State of Connecticut Building Code and all other applicable codes…"

Condition: Our review of 5 agency-administered projects revealed that 2 projects did not have certificates of compliance on file.

Effect: Without certificates of compliance, DCF does not assert that appropriate building or other applicable codes have been met.

Cause: DCF informed us that it did not believe the certificates were necessary due to the nature of the projects.

Recommendation: The Department of Children and Families should implement internal controls to ensure projects are administered in accordance with the Department of Administrative Services *Agency Administered Projects Procedure Manual*. (See Recommendation 12.)

Agency Response: "The Department agrees with this finding.

The agency has submitted a 'Certificate of Compliance' for the projects identified in the audit finding:

- Project 33-CJTS-164: repair leaks in the rubber roof.

- Project 54-RVHC-173: replacement of the emergency generator cooling radiator."

PAYROLL/PERSONNEL

Internal Controls over Compensatory Time

Criteria: Section 8-5 of the DCF Policy Manual, "Authorization for Overtime," applies to compensatory time for exempt employees. As with overtime, compensatory time must be supported by a notation on the employee's timesheet and initialed by management authorizing the compensatory time and indicating the reason for it. The employee must obtain written authorization in advance of earning compensatory time. This authorization must include the employee's name and reason for the compensatory time. The employee's supervisor provides and maintains the authorization.

Condition: Our review of 20 employees who earned compensatory time during the fiscal years ended June 30, 2014 and 2015 revealed that, in all 20 cases, the employee did not obtain advanced authorization for the compensatory time. In addition, supervisors' initials were not on 15 of 20 timesheets. The reason for the compensatory time was not noted on 17 of 20 timesheets.

DCF erroneously credited one employee with an extra hour of compensatory time.

Effect: The lack of proper oversight and documentation reduces the assurance that the services DCF compensated its employees for were necessary.

Cause: DCF did not have adequate procedures in place to ensure that compensatory time procedures were followed. The department eliminated its specific compensatory time policy and relied on its overtime policy, which could lead to confusion.

A clerical error resulted in the extra credited compensatory time.

Recommendation: The Department of Children and Families should strengthen internal controls and monitoring over compensatory time. (See Recommendation 13.)

Agency Response: "The Department agrees with this finding.

Staff training has been conducted to ensure pre-authorization of compensatory time and failure to follow established protocols and procedures will be remedied with the implementation of the new timekeeping and scheduling tool that will require supervisors to input the compensation time on the schedule and then also individually approve any deviations on the recorded time from the normal scheduled hours. The electronic system will also feed the CORE system of record, reducing clerical errors on time balances."

Medical Certificates

Criteria: Regulations of Connecticut State Agencies Section 5-247-11 require the submission of an acceptable medical certificate from a licensed physician or practitioner for the use of sick leave for a period of more than 5 consecutive working days.

Condition: We found that DCF did not have medical certificates on file for 3 of 10 employees who charged more than 5 consecutive sick days during the fiscal years ended June 30, 2014 and 2015.

We also noted during our 2014 Comprehensive Annual Financial Report testing, that an employee was out for more than 5 consecutive days in 2 instances and medical certificates were not on file.

Effect: Abuse of sick leave benefits may occur when regulations are not enforced.

Cause: DCF did not adequately track the submission of medical certificates.

Recommendation: The Department of Children and Families should develop and implement internal controls to identify employees who charge more than 5 consecutive sick days and ensure that those employees submit medical certificates. (See Recommendation 14.)

Agency Response: "The Agency agrees with this finding.

The implementation of a new electronic, timekeeping device will notify the employee, the supervisor and the appropriate Human Resources staff of an employee arriving to work without the appropriate medical certification on file. The system will not allow the employee to scan into work and will notify the employee they must report to Human Resources with a medical certificate to resolve the issue. This will also allow Human Resources to follow up with the employee immediately. The current system of documenting time and passing it to payroll at the end of the pay period does not enable Human Resources enough time to react to the lack of medical certificate being on file until days after the employee has returned to work."

Dual Employment

Criteria: Section 5-208a of the General Statutes states that no state employee shall be compensated for services rendered to more than one state agency unless the appointing authority of each agency certifies that the duties performed are outside the responsibility of the agency of principal employment, that the hours worked at each agency are documented and reviewed to preclude duplicate payment and that no conflicts of interest exist between services performed.

The Department of Children and Families' Standards of Conduct Administrative Work Rules Policy 7-3 states that employees shall obtain approval from Human Resources prior to seeking or holding dual employment with another state agency.

Condition: Our review revealed that DCF did not have 2 of 9 Dual Employment Request Forms on file or did not properly approve the dual employment.

Effect: Duplicate payments or conflicts of interest may go undetected.

Cause: DCF does not have a process in place to identify and monitor employees dually employed.

Recommendation: The Department of Children and Families should develop and implement a process to ensure compliance with the dual employment provisions of Section 5-208a of the General Statutes. (See Recommendation 15.)

Agency Response: "The Department agrees with this finding in part.

The Department does advise employees of the need to process a dual employment form. For this measure to be fully successful[, it] requires employees to self-report to the primary and secondary agency their state employment status. The Department will seek assistance in accessing reports for employees that are being paid by more than one agency and regularly test those reports against our active employee roster. The responsibility for initiating dual employment forms is with the secondary agency. If there is not an approved dual employment form in place prior to the start of that employment, the secondary Agency is not authorized to begin employment.

DCF is not aware of cases where an employee or the secondary Agency failed to follow this requirement. DCF routinely reviews and acts upon dual employment forms as they are received to assist secondary Agencies to fulfill their statutory requirement. If a secondary agency does not submit the form and allows an employee to work, it does not regularly come to DCFs attention.

DCF will bring this concern to the Department of Administrative Services and request their assistance in identifying when such situations may exist to avoid improper employment of staff."

RECOMMENDATIONS

The prior report on the Department of Children and Families covered the fiscal years ended June 30, 2011, 2012, and 2013, and contained 25 recommendations. Of these recommendations, 12 have been implemented or otherwise resolved, and 1 has been consolidated with another prior audit recommendation. Our current examination resulted in 3 new recommendations. The status of the prior recommendations is presented below:

- **The Department of Children and Families should strengthen its procedures to ensure that all policies are kept current and revised in accordance with established procedures.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should strengthen internal control over its food supplies.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should design and implement procedures to ensure that free meals are only provided to employees entitled to them.** We found that procedures were implemented, and therefore, this recommendation is not repeated.

- **The Department of Children and Families should strengthen internal control over employee attendance to ensure that all employees adhere to scheduled hours and work the number of hours for which they are paid. Leave time should be charged for hours not worked.** We found a lack of building security procedures as evidenced by limited proxy card information along with support that employees may still be arriving late to work. The recommendation will be repeated and expanded. (See Recommendation 2.)

- **The Department of Children and Families should strengthen its controls to ensure that user groups within the LINK system are clearly defined to enable those responsible for approving LINK access to make certain that appropriate access levels are granted. The department should periodically reassess LINK access to ensure that the access granted is still appropriate for current job responsibilities. DCF should ensure that a proper segregation of duties exists between those employees who have the ability to create and approve providers, and those who have the ability to request and approve payments to those providers. The department should strengthen controls to ensure that LINK access is deactivated in a timely manner upon employee separation. DCF-2116 forms should be completed in full and easily accessible for review.** We found that access controls over LINK have not been strengthened, and therefore, this recommendation is being repeated as modified. (See Recommendation 1.)

- **The Department of Children and Families should improve internal controls over its business continuity plan to ensure that it is updated regularly and reflects the current conditions of the agency.** This recommendation is being repeated. (See Recommendation 3.)

- **The Department of Children and Families should designate a records management liaison and update the RMLO list with the state library's Office of the Public Records Administrator.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should improve its administrative controls relative to the custody and control of provider records and should strengthen internal controls to ensure that payments are adequately supported.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should implement procedures to ensure that relative foster families are licensed as required by current DCF policy and establish internal controls to ensure that appropriate license renewal documentation is submitted for approval in a timely fashion and retained for review.** We found that the department revised its policy and made other improvements in this area, and this recommendation is not repeated.

- **The Department of Children and Families should develop procedures to calculate actual allowable costs to ensure that revenue is maximized and all amounts claimed for reimbursement are adequately supported. Claims for federal reimbursement should be based on the contract's actual percentage of allowable reimbursable costs.** This recommendation is being repeated as modified. (See Recommendation 5.)

- **The Department of Children and Families should implement procedures to ensure that resources in the dedicated account are used for all expenses related to the impairment of the child. DCF should communicate the existence of dedicated accounts to the children's social workers.** This recommendation is being repeated as modified. (See Recommendation 7.)

- **The Department of Children and Families should develop and implement controls to ensure that debit card expenditures were made for the purpose for which they were intended. Detailed transaction data should be entered and maintained in the debit card logs prior to card disbursement, and debit cards should be kept in a locked safe with limited access in accordance with written procedures. DCF should also develop procedures to ensure that all allowable expenditures are claimed for Title IV-E eligible children.** This recommendation is being repeated as modified. (See Recommendation 6.)

- **The Department of Children and Families should improve its internal controls over the administration of wraparound funds.** This recommendation is being repeated. (See Recommendation 8.)

- **The Department of Children and Families should improve internal controls over its property control and reporting systems. The department should ensure that the licensed software inventory is up-to-date and prepare a detailed inventory listing of the fine art.** Although we noted some improvement in this area, the recommendation is being repeated as modified. (See Recommendation 11.)

- **The Department of Children and Families should improve its internal controls over fiduciary funds.** The recommendation is being repeated as modified and includes a condition reported under another prior audit recommendation regarding the preparation of financial statements for trustee accounts. (See Recommendation 10.)

- **The Department of Children and Families should improve its internal controls over petty cash funds and ensure compliance with procedures promulgated by the Office of the State Comptroller.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should implement procedures to ensure that audits of completed projects are performed in a timely manner.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should reduce the size of its fleet to ensure the efficient and cost-effective use of state-owned vehicles. Furthermore, the department should develop uniform procedures that would enable the area offices and facilities to assign and track the use of state vehicles. Such procedures would enable the department to determine whether a state vehicle was available for use by an employee submitting a claim for mileage reimbursement.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should strengthen internal controls to ensure that reports are prepared and submitted in accordance with General Statutes.** This recommendation is being repeated. (See Recommendation 4.)

- **The Department of Children and Families should take steps to ensure that financial statements are prepared for all of its trustee accounts.** Although we noted improvement in this area, we found that financial statements still were not prepared for all trustee accounts. This prior recommendation is not being repeated as previously presented, but the condition is included within Recommendation 10.

- **The Department of Children and Families should use standard purchase of service agreements as developed by the Office of Policy and Management when contracting with residential treatment centers.** This recommendation is being repeated. (See Recommendation 9.)

- **The Department of Children and Families should improve internal controls over the processing and distribution of longevity payments.** We noted improvement in this area, and this recommendation is not repeated.

- **The Department of Children and Families should improve internal controls to ensure that telecommuting program arrangement forms are properly submitted to DAS.** The telecommuting program was not utilized in the audited period, and the recommendation is not repeated.

- **The Department of Children and Families should improve internal controls to ensure that all Core-CT instructions for terminating an employee are followed.** We noted improvement in this area, and the recommendation is not repeated.

- **The Department of Children and Families should strengthen internal controls and monitoring over compensatory time.** This recommendation is being repeated. (See Recommendation 13.)

Current Audit Recommendations:

1. **The Department of Children and Families should strengthen internal controls to ensure that those responsible for approving access for LINK users have sufficient information to select appropriate access levels. The department should periodically reassess its employees' LINK access to ensure that it is still needed for their job responsibilities and that proper segregation of duties exists.**

   Comment:

   Our review found that the department does not maintain detailed documentation describing which information the user-group would access. Therefore, supervisors and managers may not be fully knowledgeable about the level of access they are approving. There is still inadequate segregation of duties within certain levels of LINK.

2. **The Department of Children and Families should develop and implement policies and procedures to strengthen controls over its building security to ensure employee safety and information system security. The department should also strengthen internal controls over the monitoring of attendance to ensure that employees work their scheduled hours or appropriately charge leave time.**

   Comment:

   We found that there was limited proxy card information for various area offices. The department does not have building security policies and procedures in place requiring that employees use their proxy cards to gain access to the buildings to help ensure the safety of its occupants and the security of its LINK system. Our review of the available proxy card information also found that employees still appeared to be arriving late.

3. **The Department of Children and Families should improve internal controls to ensure its business continuity plan is updated regularly and reflects the current conditions of the agency.**

   Comment:

   Our review disclosed that the department does not adequately update and review its business continuity plan report annually. As we previously reported, the current copy of the BCP has not been certified and updated since March 26, 2012.

4. **The Department of Children and Families should report required information in accordance with the General Statutes or seek to revise or repeal obsolete requirements.**

   Comment:

   We found that DCF did not prepare or submit these statutorily required reports one or both of the fiscal years ended June 30, 2014 and 2015.

5. **The Department of Children and Families should develop procedures to calculate actual allowable costs to ensure that revenue is maximized and that all amounts claimed for reimbursement are adequately supported. DCF should base claims for federal reimbursement on the contract's actual percentage of allowable reimbursable costs.**

   Comment:

   To avoid claiming unallowable costs, the department reduces its federal claim by a percentage instead of performing an individual analysis of all components of certain child-specific per diem rates. This practice leads to the state foregoing federal funds.

6. **The Department of Children and Families should implement procedures to obtain supporting documentation to ensure that debit card purchases are proper.**

   The department should develop and implement a cost-effective process to claim allowable debit card purchases under Title IV-E.

   Comment:

   DCF still does not require that receipts be submitted to support debit card purchases. We also found that the department has not implemented a process to claim debit card purchases made on behalf of an IV-E eligible child for an allowable item or service, under the Title IV-E Foster Care Program. Without adequate support to the transactions, these payments cannot be federally claimed even if identified as allowable purchases.

7. **The Department of Children and Families should implement procedures to ensure that funds in children's dedicated accounts are used for impairment-related expenses.**

   Comment:

   While the department is using funds in the dedicated account for children's therapeutic care, the child's social worker may be aware of other goods or services that may benefit the child. DCF makes these payments to children and their families not covered under traditional contracted services from its board and care account.

8. **The Department of Children and Families should improve and effectively implement internal controls over wraparound funds.**

   Comment:

   Our review of 16 wraparound payments, totaling $38,618, selected from three area offices and the central office during the fiscal years ended June 30, 2014 and 2015, disclosed deficiencies related to 8 payments, totaling $18,983.

9. **The Department of Children and Families should use the standard Office of Policy and Management purchase of service agreement when contracting with residential treatment centers or consult with the Office of the Attorney General to develop a modified purchase of service contract that suits its needs.**

   Comment:

   DCF continues to use provider agreements for residential treatment services, where payments are based on rate letters for actual services provided. The department does not use the standard purchase of service (POS) contract developed by the Office of Policy and Management (OPM). DCF did not consult with the Office of the Attorney General to develop a modified contract that would suit its needs.

10. **The Department of Children and Families should improve its internal controls over fiduciary funds and comply with Section 4-32 of the General Statutes by depositing funds in a timely manner or obtaining a waiver to the requirements from the Office of the State Treasurer.**

    Comment:

    Our review of various DCF fiduciary funds revealed that the department did not deposit receipts on time, lacked procedures to track or process receipts for a fund, did not support disbursements, did not prepare financial statements for all funds, did not properly perform bank reconciliations in some instances, and did not establish policy statements for all funds.

11. **The Department of Children and Families should improve internal controls over its property control and reporting systems.**

    Comment:

    Our review of property control and reporting at the DCF central office and facilities revealed errors or unsupported amounts on the CO-59 reports and support that a physical inventory was not found at a facility.

12. **The Department of Children and Families should implement internal controls to ensure projects are administered in accordance with the Department of Administrative Services *Agency Administered Projects Procedure Manual*.**

    Comment:

    Our review of 5 DCF-administered projects revealed that 2 did not have certificates of compliance on file.

13. **The Department of Children and Families should strengthen internal controls and monitoring over compensatory time.**

    Comment:

    Our review of 20 employees who earned compensatory time during the fiscal years ended June 30, 2014 and 2015 revealed that, in all 20 cases, the employee did not obtain advanced authorization for the compensatory time. In addition, supervisors' initials were not on 15 of 20 timesheets. The reason for the compensatory time was not noted on 17 of 20 timesheets.

14. **The Department of Children and Families should develop and implement internal controls to identify employees who charge more than 5 consecutive sick days and ensure those employees submit medical certificates.**

    Comment:

    We found that DCF did not have medical certificates on file for 3 of 10 employees who charged more than 5 consecutive sick days during the fiscal years ended June 30, 2014 and 2015.

15. **The Department of Children and Families should develop and implement a process to ensure compliance with the dual employment provisions of Section 5-208a of the General Statutes.**

    Comment:

    Our review revealed that DCF did not have 2 of 9 Dual Employment Request Forms on file or did not properly approve the dual employment.

ACKNOWLEDGMENT

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Martha O. Escudero
Jacqueline A. Jones
Joan L. Main
Jill A. Schiavo
Jaimey L. Sherman

CONCLUSION

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the personnel of the Department of Children and Families during the course of our audit.

Jill A. Schiavo
Principal Auditor

Approved:

John C. Geragosian
State Auditor

Robert J. Kane
State Auditor