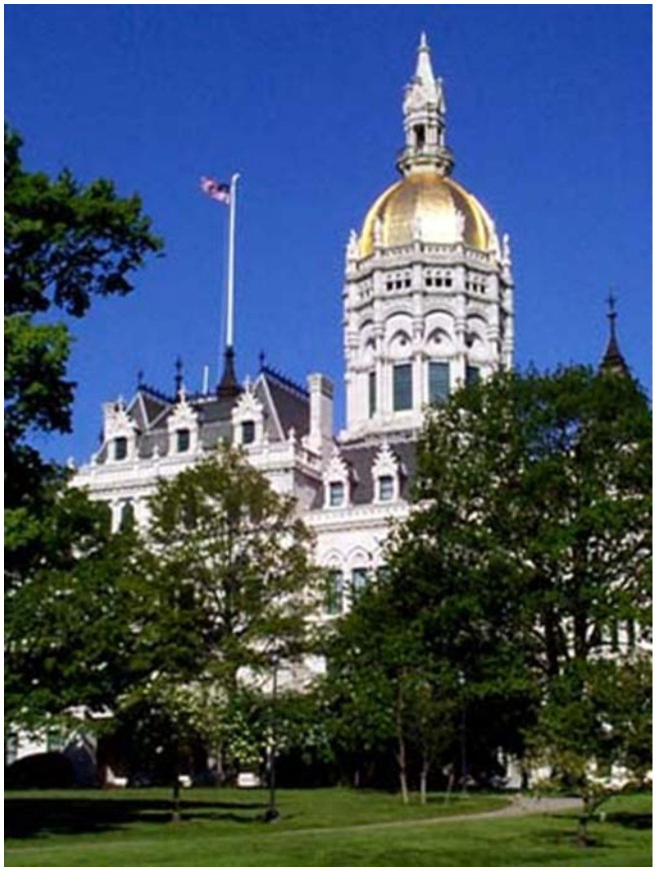
STATE OF CONNECTICUT



AUDITORS' REPORT
DEPARTMENT OF CHILDREN AND FAMILIES
FISCAL YEARS ENDED JUNE 30, 2016, 2017 AND 2018

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

Table of Contents

January 26, 2022

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 (DCF) for the fiscal years ended June 30, 2016, 2017, and 2018. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, and policies; and a need for improvement in practices and procedures that warrant the attention of management. The significant findings and recommendations are presented below:

Page 13	DCF employees did not enter approximately 79% of LINK case narratives within the required five days. In addition, the department's revised policies include only deadlines for entering narratives relating to legal matters and foster parents. DCF should ensure that employees record LINK case narratives in a timely manner. In addition, the department's policy manual should establish deadlines for entering all types of LINK case narratives. (Recommendation 1.)
Page 15	DCF did not complete internal reviews for the child abuse or neglect registry within 30 days in 26% of the appeals it received. DCF should continue to improve its procedures to ensure it completes internal reviews for the child abuse or neglect registry in a timely manner. (Recommendation 2.)
Page 16	DCF is not adequately monitoring the child placing agencies responsible for overseeing the placement and care of therapeutic foster care (TFC) children. DCF should implement procedures to monitor the child placing agencies responsible for overseeing the placement and care of TFC children. (Recommendation 3.)
Page 25	To avoid claiming unallowable costs, DCF reduces its federal claim by a set percentage instead of performing an analysis to determine the actual unallowable portion. As a result, the department may be forgoing federal funds. In addition, DCF lost $343,327 of federal revenue by incorrectly claiming administrative costs as maintenance costs. DCF should develop procedures to calculate the portion of costs allowable under Title IV-E to maximize federal revenue. The department should ensure that it adequately supports amounts claimed for federal reimbursement. (Recommendation 8.)
Page 34	An arbitrator determined that DCF terminated an employee without just cause. As a result of improperly terminating the employee, DCF incurred unnecessary costs. The department paid the employee $688,516 as part of a make-whole remedy and settlement agreement. DCF should ensure that it has sufficient documentation prior to terminating an employee to avoid unnecessary settlement costs. (Recommendation 12.)
Page 36	Between November 2018 and December 2020, DCF had six vehicles stolen. In addition, DCF did not notify the director of the Department of Administrative Services (DAS) Fleet Operations of the outcome of its investigation in 335 of 1,334 DCF vehicle complaints. DCF should improve internal controls to adequately safeguard state vehicles and investigate and report the outcome of related complaints to the Department of Administrative Services within 30 days. (Recommendation 13.)
Page 45	Our review disclosed that DCF did not properly authorize all overtime and compensatory time. In addition, authorization forms did not include the reason for overtime and compensatory time. DCF should strengthen internal controls and monitoring of overtime and compensatory time. (Recommendation 20.)

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

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CLARK J. CHAPIN

January 26, 2022

AUDITORS' REPORT
DEPARTMENT OF CHILDREN AND FAMILIES
FISCAL YEARS ENDED JUNE 30, 2016, 2017, and 2018

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 fiscal years ended June 30, 2016, 2017, and 2018. 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. Our testing was not designed to project to a population unless specifically stated. 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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:

1. Identified deficiencies in internal controls;

2. Identified apparent non-compliance with laws, regulations, contracts and grant agreements, policies, and procedures; and

3. Identified a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents 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 of the Connecticut General Statutes. In addition, under 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.

The department's mission is to partner with communities and empower families to raise resilient children who thrive. The department's strategic goals are to:

- Keep children and youth safe, with focus on the most vulnerable populations.
- Engage the workforce through an organizational culture of mutual support.
- Connect systems and processes to achieve timely permanency.
- Contribute to child and family wellbeing by enhancing assessments and interventions.
- Eliminate racial and ethnic disparate outcomes within the department.

During the audited period, DCF administered its programs and services through a network of offices and facilities throughout the state, consisting of a central office, 14 local area offices, and four facilities. The department's four facilities included the former 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 provided business support services for the area offices and the Wilderness School. The business operations of CJTS, Solnit-North, and Solnit-South were primarily administered by personnel at each facility.

Solnit-North 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 program designed to be the bridge from hospital to home and community or as a diversionary placement to avoid the need for a hospital stay. Solnit-South in Middletown is a psychiatric facility that 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 consists of four coed hospital units and three female adolescent psychiatric residential treatment cottages.

The Wilderness School in East Hartland is a prevention, intervention, and transition program for troubled youth. The school uses adventure-based group work or adventure therapy to achieve desired outcomes. Courses range from one-day experiences to 20-day expeditions.

CJTS in Middletown was a secure facility for 12 to 20 year-old males adjudicated as delinquent and committed to DCF. CJTS residents received 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. The facility closed on April 12, 2018, and the department discharged or transferred all residents to the Court Support Services Division of the Judicial Branch.

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

Consent Decree

In January of 1991, to avoid litigation, DCF entered into a consent decree in response to a federal lawsuit filed by DCF clients 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 service outcomes for DCF to achieve to end the court's jurisdiction. The court approved a revised exit plan in July 2004, requiring periodic reporting by DCF and the court monitor on the department's performance and progress toward achieving the outcome measures. In July of 2008, the federal court approved a negotiated agreement to expedite improvement to two outcome measures related to treatment plans and their specified services (e.g., medical, dental, and mental health services). In December 2017, the federal court approved a revised exit plan that reduced the number of outcome measures from 22 to 14. Two of the outcome measures contain multiple domains or focus areas in which the department must comply. Furthermore, the plan allowed DCF to terminate four of the remaining 14 outcome measures by continuously complying with them through June 30, 2018, which the department achieved.

Once DCF has complied continuously with an outcome measure for at least six months, the court-appointed monitor conducts a pre-certification review. The department must have all domains within an outcome measure pre-certified before the court monitor can consider the measure pre-certified. Once the court monitor has pre-certified all outcome measures and DCF has continuously complied for six months, the state may file a motion to terminate the court's jurisdiction.

The monitor completed a review of the department's efforts to meet the exit plan outcome measures during the period of October 1, 2020 through March 31, 2021. The review concluded that the department achieved nine of the remaining ten outcome measures.

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 have been abused, neglected, or in danger of being abused or neglected. The unit also receives calls related to services for children. Based on information Careline receives, it initiates appropriate action.

Careline received 339,728 calls in the fiscal years ended June 30, 2016, 2017, and 2018. These included 161,885 reports of suspected abuse or neglect, of which DCF accepted 89,634 for investigation. Of the cases investigated, DCF substantiated 17,564 reports.

Census Statistics

Client census statistics by placement type during the audited period are summarized below:

Placement Category	Fiscal Year Ended June 30,		
	2016	**2017**	**2018**
Adoption	5,701	5,672	5,755
Foster Care	1,957	2,050	2,034
Subsidized Guardianship	1,887	1,918	1,930
Relative Care	1,316	1,309	1,340
Special Study	305	305	279
Independent Living Program	195	277	263
Group Homes	191	175	179
Residential Home	105	101	103
DCF Facilities	44	46	31
Shelter	36	32	30
Medical	21	36	30
Safe Home	5	11	19
Total	**11,763**	**11,932**	**11,993**

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 ended June 30, 2016, 2017, and 2018, based on the prior fiscal year costs, are summarized below:

Facility	Fiscal Year Ended June 30,		
	2016	2017	2018
CJTS	$2,129	$4,087	$2,161
Solnit-North	$1,933	$1,916	$2,884
Solnit-South	$2,427	$2,598	$2,957

The unusually high rate at CJTS for the fiscal year ended June 30, 2017 is primarily due to a significant reduction in the population served for the period. Since the facility was scheduled to close in 2018, referrals from the Judicial Branch's Court Support Services Division decreased dramatically during the fiscal year. The per capita, per diem rate for Solnit-North and Solnit-South increased for the fiscal year ended June 30, 2018 due to a reduction in days of service provided for the period.

Total costs including the facilities' share of statewide costs for the audited period are summarized below:

Facility	Fiscal Year Ended June 30,		
	2016	2017	2018
CJTS	$54,391,779	$36,448,617	$30,746,209
Solnit-North	$23,214,380	$24,377,108	$24,869,291
Solnit-South	$59,110,468	$61,182,126	$61,182,689

State and Area Advisory Councils

- **State Advisory Council on Children and Families** was established by Section 17a-4 of the General Statutes. The council's duties include recommending programs, legislation, or other matters to improve services for children and youth, including behavioral health services; reviewing and advising the commissioner regarding the proposed annual budget; as well as interpreting for the community at large DCF policies, duties, and programs. The council also issues 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.

- **Regional Advisory Councils**: Section 17a-30 of the General Statutes required the commissioner to create distinct service regions and a regional advisory council in each such region. Each council advises the commissioner and the regional director on the development and delivery of services and facilitates the coordination of services in the region.

Significant Legislation

The following notable legislative changes affecting the department took effect during the audited period:

- **Public Act 15-199, Section 1,** effective July 1, 2015, permitted caregivers to allow children with service or safety plans to participate in normal childhood activities (i.e., extracurricular, enrichment, and social activities, including overnight activities outside the caregiver's direct supervision for up to 48 hours) without prior DCF or court approval.

  Section 3, effective July 1, 2015, required DCF to consult with any child in its custody, age 12 or older, when developing or revising the child’s permanency plan.

  Sections 5 and 10, effective July 1, 2015, defined “fictive kin caregiver” as a person age 21 years or older who is unrelated to a child by birth, adoption, or marriage but who has an emotionally significant relationship with such child amounting to a familial relationship and who is not approved or licensed to provide foster care by DCF. In addition, the act allowed child placement with one of these individuals, made such caregivers eligible for guardianship subsidies, and allowed for the transfer of such subsidies from one caregiver to a successor.

  Sections 5 and 16, effective July 1, 2015, provided that DCF require (1) all vendors, contractors, and their employees who provide direct services to children in DCF custody or have access to DCF records and (2) any person seeking a foster care license from DCF or approval to provide foster care from a child placing agency and anyone age 16 or older living in such person’s household, to submit to state and national criminal history records checks.

  Section 11, effective July 1, 2015, required DCF to make reasonable efforts upon removing a child from parental custody to provide notice within 30 days to the grandparents, each parent with legal custody of one or more of the child’s siblings, and any other adult related to the child by blood or marriage.

  Section 13, effective July 1, 2015, required DCF to report any child committed to its custody who is abducted or missing to the law enforcement authority with jurisdiction over the location and make such report immediately, but in no case more than 24 hours, to the Federal Bureau of Investigation’s National Crime Information Center and the National Center for Missing and Exploited Children.

  Section 19, effective October 1, 2015, set out a hearing process for individuals who believe they are harmed by a DCF decision to terminate voluntary services.

- **Public Act 15-205**, effective October 1, 2015, required school employees to report to DCF suspected sexual assault by a school employee of any student who is not enrolled in adult education. In addition, the act extends DCF’s investigation and notification requirements under existing law in reported child abuse or neglect cases to include cases of reported sexual assaults of students by school employees.

- **Public Act 15-5 of the June Special Session, Sections 418 and 419**, effective July 1, 2017, transferred the state's Homeless Youth program from DCF to the Department of Housing (DOH). DOH was required to establish the program in collaboration with DCF.

  Section 487, effective July 1, 2015, required the Judicial Branch's Court Support Services Division and the departments of Correction, Children and Families, and Mental Health and Addiction Services, by January 1, 2016, to (1) compile complete lists of each agency's criminal and juvenile justice programs and (2) categorize them as evidenced-based, research-based, promising, or lacking any evidence. The agencies also must compile and categorize their lists by October 1 every even-numbered year.

- **Public Act 16-11**, effective October 1, 2016, required DCF to develop a form to notify foster parents and relative caregivers of the support they may receive from the department by January 1, 2017. DCF must provide the form to foster parents and relative caregivers when it places a child with them and on request.

- **Public Act 16-121**, effective upon passage, required DCF to license facilities that house people age 20 or younger who are currently homeless or at risk of homelessness.

- **Public Act 16-123**, effective upon passage, required DCF to create family profiles on foster families, fictive kin caregivers, and relative caregivers to distribute to children age 12 and older who will be placed in foster care. DCF is also required to create foster care family surveys to distribute to children age seven and older. In addition, the act required childcare facilities that house ten children or more to establish youth advisory councils.

- **Public Act 16-124**, effective October 1, 2016, expanded the categories of caregivers eligible for the subsidized guardianship program by allowing a licensed foster care provider to receive the subsidy even if caring for a child who is not a relative and creating a category of relative caregiver, to include those caring for a child relative. The act required all caregivers to be licensed or approved to provide foster care. In addition, the act limits the subsidy program to caregivers of children for whom neither reunification with a parent nor adoption is an appropriate permanent option. DCF is required to notify the probate court if a DCF investigation substantiates an allegation of abuse or neglect against an individual the probate court appointed as a child's guardian.

- **Public Act 16-186**, effective October 1, 2016, required DCF, in collaboration with the Judicial Branch and the Department of Correction, to submit to the Governor and Appropriations and Children's committees a plan to prevent or reduce the impact of mental, emotional, and behavioral health issues on children and youth age 20 or younger who are held in secure detention or correctional confinement, by October 1, 2017.

- **Public Act 16-190**, effective upon passage, allowed DCF to make referrals to appropriate community providers under the Family Assessment Response program, when DCF receives a report of child abuse or neglect. This act specifies that the program must provide an array of community-based services and supports designed to meet families' individual needs, build upon their strengths, enhance child development, reduce child abuse and neglect, and increase children's health, safety, and wellbeing. In response to an accepted family assessment report, the department shall conduct a comprehensive family assessment that includes an assessment of safety and risk, and family strengths and needs. Prior to referring a report to the appropriate community provider, DCF must develop a service plan to meet the family's immediate needs for services and supports, and guide the community provider's development of a long-term plan of care for the family.

- **Public Act 17-18**, effective October 1, 2017, made changes to the state’s safe haven law, which requires hospitals to designate a place in their emergency rooms where a parent or a parent’s legal agent can surrender an infant up to 30 days old without facing arrest for abandonment. DCF is required to identify a prospective adoptive parent for a safe haven infant within one business day of receiving notice of the infant’s surrender to the hospital if such a parent is available. If not more than 30 days after the date of surrender, the commissioner receives a request for reunification with the infant, the DCF commissioner may require genetic tests to determine the infant’s parentage. In addition, the act limits the circumstances in which DCF may remove a safe haven infant from a prospective adoptive parent’s home if the infant has been in their care for at least 30 days and allows the prospective adoptive parent to request a hearing before the removal.

- **Public Act 17-32,** effective October 1, 2017, required the DCF commissioner to consult with the Department of Emergency Services and Public Protection in developing an educational and refresher training program for the accurate and prompt identification and reporting of suspected human trafficking.

- **Public Act 17-81**, effective July 1, 2017, subjected all guardianship subsidies to the commissioner’s annual review and permitted, rather than required, DCF to provide subsidies for youths ages 18 to 20 who fulfilled certain requirements. The act also required the DCF commissioner to adopt regulations setting forth standards for the licensing of childcare facilities. The facility regulations must include the physical requirements, care and treatment of children, and staffing.

- **Public Act 17-92**, effective July 1, 2017, required DCF to establish protocols for investigating and responding to reports of abuse or neglect of children from birth to three years of age. In addition, no later than January 1, 2018, and annually thereafter, the DCF commissioner shall report to the joint standing committee of the General Assembly having cognizance of matters relating to children, regarding the department’s foster care licensing practices.

- **Public Act 17-210**, effective upon passage, required the DCF commissioner to implement policies and procedures in accordance with federal law to secure the health, safety, and wellbeing of infants identified at birth as being affected by drug abuse, withdrawal symptoms related to prenatal drug or alcohol exposure, or fetal alcohol spectrum disorder. The policies and procedures must advance these infants’ best interests and include securing substance use treatment for the infants, their mothers, and other caregivers, and ensure that the infants grow up in substance-use-free homes.

RÉSUMÉ OF OPERATIONS

The Department of Children and Families accounted for its operations for the fiscal years ended June 30, 2016, 2017, and 2018 in the General Fund, special revenue funds, and capital and non-capital improvement funds. The activity of each of the funds is presented in the sections that follow.

General Fund

A summary of General Fund receipts during the audited period follows:

Receipt Description	Fiscal Year Ended June 30,		
	2016	2017	2018
Federal Contributions	$111,200,577	$108,531,816	$122,841,665
Refunds of Expenditures	962,735	721,865	655,844
All Other	10,366	9,776	16,967
Total Receipts	**$112,173,678**	**$109,263,457**	**$123,514,476**

General Fund receipts consist primarily of federal contributions for the Title IV-E Foster Care and Adoption Assistance programs. The Foster Care program provides board and care payments for eligible children who are under the supervision of the state and placed in safe, licensed foster family homes or childcare institutions. The Adoption Assistance program provides funding on behalf of eligible children who are adopted through the state. These programs reimburse the state for a portion of board and care expenses, adoption subsidies, and DCF administrative costs on behalf of eligible children. The increases in federal contributions during the fiscal year ended June 30, 2018 were primarily due to increased program costs and timing differences between the department's expenditures and the receipt of federal contributions.

A summary of General Fund expenditures during the audited period follows:

Expenditure Description	Fiscal Year Ended June 30,		
	2016	2017	2018
Personal Services and Employee Benefits	$278,436,452	$271,901,438	$267,844,178
Workers' Compensation Awards	12,966,989	12,678,615	11,898,936
Client Services	268,907,079	273,099,411	280,198,809
Grants/Transfers	190,730,369	189,516,803	178,088,802
Purchased and Contracted Services	45,108,124	42,409,318	40,425,982
Capital Expenditures	11,990	5,572	11,807
Total Expenditures	**$796,161,003**	**$789,611,157**	**$778,468,514**

General Fund expenditures decreased by $6,549,846 and $11,142,643 during the fiscal years ended June 30, 2017 and 2018, respectively. These decreases were primarily due to reductions in expenditures for personal services, employee benefits, and grants/transfers. The decrease in personal services and employee benefits was due to attrition. The decrease in grants/transfers during the fiscal year ended June 30, 2018 was primarily due to fund transfers for juvenile justice functions from DCF to the Court Support Services Division of the Judicial Branch and the Homeless Youth program to the Department of Housing.

The amount expended for client services fluctuates based on the size and severity of the department's caseload. The growth in client services during the fiscal years ended June 30, 2017 and 2018 was primarily attributed to increased costs for college tuition and childcare. DCF provides financial assistance for post-secondary education expenses to youth adopted through the Foster Care program after December 31, 2004. Many of these youth were of college age during the audited period. In addition, effective August 1, 2016, the Care 4 Kids program, administered by the Office of Early Childhood, stopped accepting new applications from working families in priority group 4. This group included families fostering DCF children. As a result, DCF assumed childcare costs for children and families that Care 4 Kids no longer covered.

Special Revenue Funds

A summary of receipts from special revenue funds during the audited period follows:

Receipt Description	Fiscal Year Ended June 30,		
	2016	**2017**	**2018**
Federal Contributions	$13,772,580	$16,162,694	$20,137,081
Grant Transfers	5,996,955	3,993,915	4,556,145
All Other	107,498	45,628	67,992
Total Receipts	**$19,877,033**	**$20,202,237**	**$24,761,218**

Receipts increased by $325,204 and $4,558,981 during the fiscal years ended June 30, 2017, and 2018, respectively. Special revenue receipts are primarily from federal contributions. The increase in federal contributions during the fiscal years ended June 30, 2017 and 2018, is due to funds received for the development of the department's new Comprehensive Child Welfare Information System, CT-Kind.

A summary of expenditures from special revenue funds during the audited period follows:

Expenditure Description	Fiscal Year Ended June 30,		
	2016	**2017**	**2018**
Personal Services and Employee Benefits	$1,894,733	$2,049,828	$2,360,333
Client Services	3,371,228	3,413,899	906,475
Grants/Transfers	9,449,680	9,397,468	9,198,852
Purchased and Contracted Services	4,618,447	5,485,115	11,711,701
Capital Expenditures	2,451,706	1,984,484	388,876
Total Expenditures	**$21,785,794**	**$22,330,794**	**$24,566,237**

Special revenue fund expenditures increased by $545,000 and $2,235,443 during the fiscal years ended June 30, 2017 and 2018, respectively. The increases in capital expenditures during the fiscal years ended June 30, 2016 and 2017, and purchased and contracted services during the fiscal year ended June 30, 2018, were due to expenses associated with the development of CT-Kind. The decrease in client services during the fiscal year ended June 30, 2018 was primarily due to the transfer of Social Service Block Grant funds for residential treatment services from DCF to the Office of Early Childhood.

Capital and Non-Capital Improvement Funds

Total expenditures from capital and non-capital improvement funds were $2,559,338, $2,152,467, and $5,147,174 for the fiscal years ended June 30, 2016, 2017, and 2018, respectively. The department used these funds primarily for property maintenance and repairs, equipment purchases, grants, and information technology contractual services.

Fiduciary Funds

DCF administered several accounts/funds in a fiduciary capacity during the audited period. A brief description of the accounts/funds 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 and 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. The department uses these accounts 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 $10,515,283 during the audited period and disbursements totaled $10,654,039. The balance of these accounts as of June 30, 2018 totaled $619,514.

Trustee Accounts:

DCF established these funds to account for private gifts, donations, and revenue derived from operations that pertain to the children's activities. DCF uses these funds for the welfare and activities of children under its care. The DCF central office and the department's facilities administered trustee accounts during the audited period. Cash receipts for these accounts totaled $373,391 during the audited period and disbursements totaled $301,124. The balance of these accounts as of June 30, 2018 totaled $329,674.

Donation Fund – CJTS:

DCF uses the funds in this account for activities for Connecticut Juvenile Training School (CJTS) residents. Assets in this account consist of cash, investments, and real estate. Cash receipts for this fund totaled $10,333 during the audited period and disbursements totaled $13,673. The balance of this fund as of June 30, 2018 totaled $432,980.

Residents' Cash Funds:

DCF maintains these funds to control the custodial accounts of individuals residing in its facilities. Residents’ assets, 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 from these funds totaled $103,304 during the audited period and disbursements totaled $105,285. The balance of these funds as of June 30, 2018 totaled $6,705.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Children and Families disclosed the following 22 recommendations, of which nine have been repeated from the previous audit:

Untimely Recording of Case Notes

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, and federal reimbursement.

Criteria: Section 31-8-8 of the DCF Policy Manual, in effect until January 2019, required all regional office staff, including workers, supervisors, managers, and regional resource group personnel, to document information related to their work with children and families in LINK case narratives. The four main categories of case narratives are case activity notes, legal, medical/mental health, and juvenile justice. The policy requires staff to document in-person contacts, behavioral and health care visits, telephone calls, conferences, consultations, other case-related activities and decisions, including supervisory and managerial decisions and directives, and transfer and closing summaries.

The narrative entry shall:

- be related to a particular case;
- record the type, purpose and outcome of the event(s); the person(s) involved; related observations; and date of occurrence;
- be recorded in a clear, concise, factual manner; and
- be entered into LINK within five working days of the occurrence.

DCF revised its policy manual in January 2019.

- Section 6-1 provides that all legal advice shall be documented by the attorney who provided it in the legal narrative section of the electronic case record within three business days.
- Section 24-1 provides that documentation of activities and decisions regarding individual foster parents shall be timely (within five days of the occurrence) and thorough.

Condition:	Our review disclosed that DCF employees did not enter approximately 79% of the LINK case narratives within the required five days. In addition, the department's January 2019 revised policies include only deadlines for entering narratives relating to legal matters and foster parents.
Context:	During the fiscal years ended June 30, 2016, 2017, and 2018, DCF employees entered 685,300 case narratives in LINK.
Effect:	There is reduced assurance that LINK case narratives are accurate. This could result in adverse decision-making because all pertinent facts of a case may not be available. In addition, without a deadline to enter all types of case narratives, there is reduced assurance that narratives will be recorded promptly.
Cause:	Delays entering case narratives were primarily due to staffing constraints and competing priorities. In addition, DCF employees cannot revise an existing case narrative. As a result, if the employee incorrectly enters the date of occurrence, it may erroneously appear like the employee entered the narrative after the five-day deadline. When the department revised its policy manual, it did not migrate Section 31-8-8 into the new manual as a stand-alone policy since there were similar policies included in sections 6-1 and 24-1. The department informed us that it will consider reissuing the policy.
Prior Audit Finding:	This finding has not been previously reported.
Recommendation:	The Department of Children and Families should ensure that employees record LINK case narratives in a timely manner. In addition, the department's policy manual should establish deadlines for entering all types of LINK case narratives. (See Recommendation 1.)
Agency Response:	"The Agency agrees with this finding. Timely documentation of case activities within the case record has increased significantly due to several factors. First, there has been a dramatic reduction in case load size due to increased staffing of social workers. DCF is now pre-certified in the outcome measure of caseload standards of the Juan F. Consent decree for the first time and has established a predictive hiring protocol that assures prospective hiring occurs to meet the caseload demands. This has had a major impact on the workload of social workers so that timely documentation of case activities occurs. Second, due to the COVID pandemic, DCF invested in technology that allows for remote access to the case record system (LINK) and all DCF employees can enter case activity notes from many different locations, rather than solely at the office on an

assigned desktop. During the past 18 months, DCF employees were able to telework, and our frequent Quality Assurance reviews of the case work indicated a very high degree of documentation compliance with agency expectations. Third, and finally, DCF is publishing the documentation policy revisions that will prominently describe policy requirements for all types of LINK case narratives. The Legal Division notes that this policy is drafted and ready to be submitted for approval."

Untimely Review of Child Abuse or Neglect Registry Appeals

Background: The Department of Children and Families performs background checks on individuals who will be working or providing a service to children, including childcare providers, teachers, transporters, and potential foster or adoptive parents.

Criteria: Section 17a-101k of the General Statutes provides that the DCF commissioner shall maintain a registry of the commissioner's findings of child abuse or neglect pursuant to Section 17a-101g. Upon the issuance of a recommended finding that an individual is abusing or neglecting a child, the commissioner shall notify the individual of the right to appeal not later than five business days after the issuance of such finding. Within 30 days of receiving an appeal, the commissioner or a designee shall conduct an internal review of the recommended finding. The commissioner or designee shall review all relevant information relating to the recommended finding to determine whether it is factually or legally deficient and should be reversed. If the department upholds the finding, it must notify the individual of the right to request a hearing.

Section 17a-101k-6 of the State Regulations provides that any person who has received notice of the decision reached after an internal review and wishes to contest it, or who has timely requested an internal review and has not received a decision, may request an administrative hearing. The individual shall make a request for an administrative hearing not later than 30 days after the receipt of the decision reached after an internal review or, when the department has failed to conduct a timely internal review, at any time 31 or more days after sending the request for an internal review.

Condition: DCF did not complete internal reviews for the child abuse or neglect registry within 30 days in 26% of the appeals it received.

Context: DCF received 2,037 requests for internal reviews during the fiscal years ended June 30, 2016, 2017, and 2018, and did not complete 728 reviews within 30 days.

Effect: DCF did not comply with Section 17a-101k of the General Statutes. In addition, not completing timely internal reviews likely necessitated more administrative hearings.

Cause: Delays were due to staffing constraints and competing priorities. In addition, the department often needs to wait for the appellant to provide additional information. The department refined its process in 2019, which decreased the average time to complete an internal review by 12.7 days.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should continue to improve its procedures to ensure it completes internal reviews for the child abuse or neglect registry in a timely manner. (See Recommendation 2.)

Agency Response: "The Department agrees with this finding and has taken steps to ensure internal reviews are completed in a timely manner. The Legal division staff are now the primary reviewers, and the number of timely reviews should continue to increase. This revision in the internal review process has removed an unnecessary layer of approval which previously added to the length of time for completion of reviews."

Lack of Monitoring over Therapeutic Foster Care

Background: Therapeutic foster care (TFC) is an intensive, structured, clinical level of care provided to children with serious emotional disturbance within a safe and nurturing family environment. Children in TFC receive daily care, guidance, and modeling from specialized, highly trained, and skilled foster parents.

DCF utilizes child placing agencies that offer special-rate therapeutic foster care services to DCF clients. DCF and the child placing agencies enter into contracts for each child based on specific needs and services. These 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.

Criteria: Section 24-1 of the DCF Policy Manual provides that the TFC provider may apply for a waiver to match one additional unrelated, TFC-eligible child to a home with a current TFC placement. The department shall reserve such waivers for placements in experienced foster homes that have demonstrated a history of successful and stable placements, cooperated with DCF, and have the requisite skills and training to ensure high level outcomes for all children in or to be placed in the home. The department will not grant a waiver that results in more than two unrelated TFC-eligible children being placed in the same home.

DCF's contract with the child placing agency provides that the department will pay the contractor a per diem rate for each TFC assessed and identified child. The contractor must set aside at least $10.10 of its portion of each child's per diem payment to purchase wraparound services for that child.

Wraparound services include therapeutic, enrichment, educational and clinical services, supports, and programming that cannot otherwise be obtained through other funding sources. The contractor must accrue these funds to a separate account upon receipt of monthly payments from the department. The contractor must maintain an accounting flow report that shows the name of each child in placement, number of days in care each month, the amount deposited for that child, and the date, amount, and payee for each expenditure on behalf of that child. This report shall be aggregated for each child and provided quarterly to the department. The contractor shall submit an annual compilation no later than July 15th.

Condition: DCF is not adequately monitoring the child placing agencies responsible for overseeing the placement and care of TFC children.

- Our review of 25 TFC children placed in foster homes with a current TFC placement disclosed that, in seven instances, the agencies did not request a waiver from DCF prior to placing the child. In addition, we noted that the department's TFC waiver overcapacity log is incomplete. We noted four cases in which the department approved a waiver but did not record it on its log.

- Our review of two foster homes disclosed 12 instances in which the child placing agencies placed three TFC children in a foster home at the same time.

- DCF has not implemented monitoring procedures to ensure that child placing agencies are properly accounted for and using wraparound funds.

Context: During the fiscal years ended June 30, 2016, 2017, and 2018, DCF expended $80,128,009 under the TFC program.

Child placing agencies held approximately $2 million in wraparound funds as of June 30, 2020.

Effect: DCF has reduced assurance that child placing agencies are appropriately placing TFC children. TFC children may not be receiving appropriate care if too many children are in the same foster home.

DCF has limited assurance that child placing agencies use wraparound funds for the intended purposes and that TFC children are receiving the necessary services.

Cause: DCF has not implemented procedures to adequately monitor how child placing agencies place TFC children and use wraparound funds. DCF cannot easily identify which TFC children would need a waiver. DCF's contracts with the child placing agencies provide that the contractor may apply for a waiver to allow an additional non-related, TFC level child to be matched to a home with a current placement. The contract does not specifically prohibit child placing agencies from placing more than two unrelated TFC-eligible children in the same home, which DCF policy provides. DCF did not update the contracts to match its policy.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should implement procedures to monitor the child placing agencies responsible for overseeing the placement and care of therapeutic foster care children. (See Recommendation 3.)

Agency Response: "The Agency agrees with the finding. The Agency is conducting audits of the wrap funding that was provided to the TFC providers. The Agency will recoup all unspent funds.

The Agency has regularly addressed provider performance issues and the lack of adherence to the scope of service for this service type. The Agency has analyzed the effectiveness of this service type and will be reprocuring the service. The new model will not prepay providers for potential wrap expenditures. The model implementation will also make it apparent if a family has more children placed at the home than is prescribed by the model."

Lack of Controls over LINK Expenditures

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, and federal reimbursement.

DCF makes payments on behalf of children and families receiving its services in accordance with the case plan goals, objectives, and stated activities. DCF makes payments through LINK to provide services to children and their families not covered under traditional contracted services or those offered by another state agency. The department uses these funds to reduce risk factors and permit children to remain in their own homes, delay entry or reduce children's length of stay in out-of-home care, and provide timely family support and resources.

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

Criteria: Adequate internal controls would require that the department:

- Properly authorize services and costs prior to contracting for them
- Make payments for authorized services at approved amounts
- Maintain adequate documentation to support the services performed

Section 23-1 of the DCF Policy Manual provides that, if the closing of a protective services case involves a denial, termination, or suspension of any payment, the social worker must send the client a DCF-800, Notice of Proposed Denial, Suspension, Reduction or Discontinuance of Department of Children and Families Benefits.

Condition: Our review of 14 LINK payments, totaling $30,108, disclosed the following:

- A supervisor did not approve four services prior to commencement
- DCF could not provide invoices or supporting documentation for three expenditures

We also noted the following errors outside our sample:

- DCF made a $228 duplicate payment
- DCF paid $4,080 in daycare services for a child who was no longer a DCF client
- DCF overpaid $172 for two services

Context: During the fiscal years ended June 30, 2016, 2017, and 2018, DCF expended $158,980,205 in LINK funds for supportive services.

Effect: There is reduced assurance that DCF economically and efficiently spent funds and properly utilized them. Our review disclosed $10,377 in improper or inadequately supported payments from our sample and $4,480 outside of our sample.

Cause: Errors were due to DCF not consistently applying procedures and a lack of administrative oversight. In addition, in one case, the department did not document that it notified the client in writing that it was closing the case and would no longer pay for daycare services. The department does not have a policy requiring social workers to notify current service providers when it is discontinuing services. As a result of the miscommunication, the department agreed to pay the daycare expenses for the services provided.

Prior Audit Finding: This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2009 through 2015.

Recommendation: The Department of Children and Families should strengthen its internal controls over expenditures in its LINK automated child welfare information system. In addition, the department should update its procedures to notify clients and current service providers when the department intends to discontinue services. (See Recommendation 4.)

Agency Response: "The Agency agrees with this finding. The Agency previously and continues to take steps to implement adequate controls over the LINK Expenditure request and payment process. In September of 2020, the Agency launched a standardized LINK Purchasing and Accounts Payable process and mandated adherence to this process by all fourteen (14) area offices utilizing LINK for services and payment. This process is designed to closely mirror the CORE-CT payment process and encompasses a Team of fiscal staff assigned to each of the Agency's Regions, comprised of a Grants & Contracts Specialist, a Financial Clerk and two (2) to three (3) Office Assistants. The Grants & Contracts Specialist is required to pre-approve every service request submitted by social work staff prior to its implementation to ensure that services are allowable, and prices are calculated and quoted accurately. This functions as LINK's version of a purchase order. The Financial Clerk and Office Assistant are responsible for matching invoices to these approved service requests, verifying that the invoice is billed correctly, obtaining social work staff verification of services performed (the 'receipt') and entering the invoice for payment once verified as completed and appropriate for payment."

Inadequate Access Controls over the LINK System

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, and federal reimbursement. To add or remove an employee's access, a supervisor submits a DCF-2116 Network/Security Change Request Form to the Information Systems unit.

Criteria: Good business practice requires agencies to restrict the ability to view or change data in a system to the employees whose job responsibilities require such access. An agency should periodically review access granted over sensitive areas to ensure employees continue to have access requisite with their job responsibilities and should immediately deactivate access upon the employee's termination. For instance, the agency should establish proper segregation of duties so the same employee does not request and approve payments.

Condition: Our review disclosed inadequate segregation of duties within LINK. We noted three users who were able to request and approve payments. These users requested and approved $38,012 in payments during the fiscal years ended June 30, 2016, 2017, and 2018.

Our review of 13 terminated employees disclosed the following:

- DCF did not terminate two employees' LINK access
- DCF did not promptly terminate one employee's LINK access
- DCF did not have records to determine whether it terminated one employee's LINK access

Context: As of August 2021, DCF had 2,837 active LINK users.

Effect: Without adequate segregation of duties, there is an increased risk of improper payments. In addition, DCF did not promptly terminate former employees' access to LINK, which resulted in an increased risk of unauthorized access to the system and possible manipulation of data.

Cause: The department does not regularly reassess or review assigned access levels. Additionally, in some cases, it does not appear that supervisors promptly submitted a DCF-2116 Network/Security Change Request Form to the Information Systems unit when employees terminated their employment.

Prior Audit Finding: This finding has been previously reported in the last four audit reports covering the fiscal years ended June 30, 2007 through 2015.

Recommendation: The Department of Children and Families should periodically reassess its employees' LINK access to ensure it is appropriate for their job responsibilities and maintain proper segregation of duties. The department should immediately deactivate the LINK access of terminated employees. (See Recommendation 5.)

Agency Response: "The Agency agrees in part with this finding. The Department has developed manual reconciliation methods to verify that terminated employees have their access to information systems turned off upon their departure. The Agency is no longer solely dependent on supervisors submitting a form to terminate access. The Department is building in the new CT KIND system on-boarding and off-boarding mechanisms that will automate system access, pairing it with an employee's active status.

The Agency is in agreement that the LINK system does not allow for proper role-based segregation of duties. The Agency has tools including the Wrap

Approval Form (WAF) and other authorization and audit requirements outside of the LINK system to ensure receipt of goods and services. The Child Welfare Accounting Unit audits payment requests prior to the payments being released for processing using these audit methods.

New roles for payment processing have been designed in the CT KIND system. The system will allow for the proper segregation of duties by roles. The system will be designed to ensure the segregation of duties standards cannot be overridden."

Contract Monitoring

Background: The Department of Children and Families mainly utilizes purchase of service contracts and personal service agreements. A purchase of service contract is between an agency and a private provider organization or municipality to obtain direct health and human services for agency clients. A personal service agreement is between an agency and a person, firm, or corporation to provide services to the agency for a fee.

For purchase of service contracts, DCF completes a year-end cost settlement to determine whether the provider has any unspent state funds. If there are unspent funds, DCF withholds funds from the provider's next payment or requests that the provider refund the unspent amount. If a provider has a federal and/or single audit performed, the department subsequently reconciles amounts in the audit to amounts in its year-end cost settlement and investigates any differences.

Criteria: Adequate internal controls would include properly monitoring that service providers are achieving program outcome goals. Each contract between DCF and service providers stipulates documents the provider must submit, such as program outcome reports and federal and/or state single audits.

Cash management procedures should ensure that DCF bases payments to providers on immediate needs and receives refunds of overpayments as soon as possible.

Condition: We reviewed the department's monitoring of ten contracts totaling $41,222,295 during the audited period. Our review identified the following deficiencies:

- Outcome reports submitted to DCF did not include all required information in seven cases

- DCF could not provide documentation that it reviewed outcome reports in nine cases

- DCF did not properly calculate the amount of unspent funds in its annual cost settlement in two cases

Our review also disclosed that DCF does not perform annual cost settlements on applicable personal service agreements. We noted that DCF performed a cost settlement in 2018 for one agreement for the 2011 through 2017 fiscal years instead of performing annual settlements.

Context: DCF paid $582,043,718 for 147 purchase of service contracts during the fiscal years ended June 30, 2016, 2017, and 2018. It is unclear how many personal service agreements would have required a cost settlement.

Effect: There is reduced assurance that DCF is adequately ensuring that program outcome goals are met. In addition, DCF overcharged two contractors $14,337 for unspent funds. In another case, the department allowed a personal service contractor to retain excess state funds for the entire contract period. The contractor had $538,618 of excess funds at the end of the contract period.

Cause: Administrative controls were inadequate during the audited period. DCF updated its procedures after 2018. Errors in unspent fund calculations were due to DCF not reconciling amounts in its year-end cost settlement to amounts reported in the single audit. In addition, DCF does not require annual cost settlements for personal service agreements.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should ensure it adequately monitors service providers and accurately calculates cost settlements. The department should change its personal service agreements to require prompt refunds of unexpended state funds. (See Recommendation 6.)

Agency Response: "The Agency agrees with this finding. Prior to SFY 2019, year-end reconciliation and recoupment of unexpended funding was a bifurcated process. While the Division of Contracts Management oversaw review and reconciliation of year-end Financial Reports, State Single Audit and Grantor Desk Reviews were performed by the Fiscal Service Business Office (Rate Setting). Cross training and communication processes between the two units were never properly executed, which resulted in discrepancies between provider Financial Reports and provider State Single Audits that were not able to be identified or reconciled. Beginning in SFY 2019, the responsibility for review and reconciliation of State Single Audits and completion of Grantor Desk Reviews was assumed by the Division of Contracts Management, allowing for the development of Year End Review procedures and completion of a comprehensive Year End Financial Review process that requires comparison and resolution between the contract, CORE expenditures against the contract, provider expense reports and the State Single Audit.

In the case of the contractor that had $538,618 of excess funds at the end of the contract period, the Agency would note that the excess funding was recognized and collected by the Agency in a subsequent fiscal year."

Residential Treatment Center Contracts

Background: A residential treatment center is a facility that meets long-term placement needs and provides clinical treatment of psychiatric, behavioral, and emotional disorders.

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 a nonprofit or proprietary corporation or partnership that receives funds from the state to provide direct health or human services to agency clients.

The Office of Policy and Management (OPM) Procurement Standards for Personal Service Agreements and Purchase of Service Contracts provides that OPM has developed a template for purchase of service contracts that must be used by any agency contracting with private provider organizations or municipalities for the purchase of health and human services.

Condition: DCF does not use the standard OPM purchase of service contract template for its residential treatment center contracts.

Context: DCF contracted with 17 residential treatment centers during the fiscal years ended June 30, 2016 and 2017, and 23 residential treatment centers during the fiscal year ended June 30, 2018. DCF paid these residential treatment centers $54,833,666 during the audited period.

Effect: DCF did not comply with Section 4-70b(f) of the General Statutes and the OPM Procurement Standards for Personal Service Agreements and Purchase of Service Contracts. In addition, by not using the standard contract template, the department may not be including necessary legal requirements and protecting its best interests.

Cause: DCF considered its provider agreement to serve as a purchase of service contract.

Prior Audit Finding: This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2009 through 2015.

Recommendation: The Department of Children and Families should use standard Office of Policy and Management purchase of service contracts when contracting with residential treatment centers. (See Recommendation 7.)

Agency Response: "The Agency agrees with this finding. Efforts began in SFY 2019 to draft a scope of service for Residential Treatment Centers. The Agency's intent is to ensure that its Residential Treatment Centers are caveated in Purchase of Service contracts. These efforts were delayed due to the onset of the COVID-19 pandemic and the urgency of ensuring continued and safe operation of the programs. As of July 2021, the scope of service for this program type is almost completed. The Agency anticipates transition into contract by the end of the current fiscal year.

The Agency would also like it to be noted that in past audits the Agency has disagreed with this finding due to the Single Cost Accounting Report (SCAR) regulation pre-dating the creation of the document currently known as OPM's Purchase of Service agreement. It was the Agency's position that it could not have been the intent, that a yet to be created OPM document was the required document named in the SCAR regulation. The Agency identified the Rate Letter as meeting the requirement for the fee for service, purchase of service agreement. The services provided are clearly detailed in the Department's Residential licensing standards and the rate of payment is determined using SCAR methodology and set forth in the Agency's Rate Letter for the specific provider.

The facilities licensed by the Agency as residential providers aren't necessarily used by the Agency. The Agency's licensing of residential providers and the setting of the SCAR rates, a cost methodology only applied to Residential licensed providers, are a service to the public at large, that may or may not be used by the Agency."

Controls over Revenue Maximization

Background: The Department of Children and Families utilizes child placing agencies that offer special-rate therapeutic foster care services to DCF clients on a child-specific basis. DCF and the child placing agencies enter into contracts for each child based on specific needs and 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 federal Title IV-E Foster Care program.

Criteria: Title 45 Code of Federal Regulations (CFR) Section 1356.60(a) provides that federal financial participation is available for foster care maintenance payments made on behalf of eligible children. Title 42 United States Code 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) provides that federal financial participation is available for administrative expenditures necessary for the proper and efficient administration of the Title IV-E Plan. 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. DCF reports expenditures for maintenance payments and administrative costs on separate lines of the Form CB-496, Title IV-E Programs Quarterly Financial Report (CB-496) in accordance with the report's instructions.

Title 45 CFR Section 95.7 provides that a state has up to two years to claim expenditures for federal reimbursement under the Title IV-E Foster Care program.

DCF has a Revenue Enhancement Division to maximize federal reimbursement of its expenditures for child and family services.

Condition: Our review disclosed that the Revenue Enhancement Division reduced the federal claim by 9% of the payments made to the child placing agencies to adjust for unallowable activities that may be part of the per diem rates. However, the Revenue Enhancement Division does not perform an analysis to determine the actual unallowable portion.

In addition, we identified $7,629,481 of administrative costs that DCF claimed as maintenance payments during the fiscal year ended June 30, 2017. Consequently, DCF reduced this amount by 9% ($686,653, of which $343,327 was the federal share) instead of reporting the full amount on the correct federal reporting line of the CB-496.

Context: DCF reduced its federal claim by $15,860,664 during the fiscal years ended June 30, 2016, 2017, and 2018 to adjust for unallowable activities that may be part of the per diem rates.

Prior to March 2020, the Revenue Enhancement Division reported the administrative portion of payments to child placing agencies as maintenance payments. In March 2020, the department started correctly reporting the administrative portion of these payments on the CB-496 and adjusted amounts claimed for the prior two years. This allowed DCF to recover reimbursable federal funds. However, DCF was not able to recover federal funds for amounts incorrectly claimed during the fiscal year ended June 30, 2017, since it exceeded the two-year timeframe.

Effect: The lack of review of all child-specific rates to determine the portion allowable for Title IV-E reimbursement reduces the department's assurance that it correctly claimed amounts for federal reimbursement. As a result, the department may be forgoing federal funds.

DCF was unable to receive $343,327 of federal revenue due to incorrectly claiming administrative costs as maintenance costs.

Cause: DCF did not adequately design its claims process to accurately identify allowable and unallowable Title IV-E costs included in certain per diem rates. In addition, the department has not implemented alternate procedures to ensure that it maximizes federal reimbursements.

Prior Audit Finding: This finding has been previously reported in the last three audit reports covering the fiscal years ended June 30, 2009 through 2015.

Recommendation: The Department of Children and Families should develop procedures to calculate the portion of costs for child placing agencies allowable under Title IV-E to maximize federal revenue. The department should ensure that it adequately supports amounts claimed for federal reimbursement. (See Recommendation 8.)

Agency Response: "The Agency is in agreement with this finding. The Agency has made the necessary adjustments to past federal claims and adopted the recommendations of this finding. The Agency is assessing the current service array in this area and is gathering the necessary detail for all expenses to ensure only claimable portions of the rate are submitted for reimbursement. Conversely the agency will be ensuring all claimable portions of rates are documented and submitted for claiming."

Policy Manual

Criteria: Section 4-7 of the Department of Children and Families Policy Manual provides that the manual shall be the primary staff tool covering legal requirements and agency mandates and shall be used as a reference for informed decision-making.

Good business practice requires that policy manuals are current and include sufficient detail to prevent misinterpretation of information by employees while performing duties.

Condition: Our review of the DCF Policy Manual disclosed the following:

- DCF policy does not require Office of Legal Affairs staff to provide legal advice during meetings regarding critical incidents or significant events to ensure that all parties understand the legal aspects of the case. The department's current policy requires only regional DCF attorneys to consult with social work staff regarding case work decisions, as requested.

- DCF does not have a policy requiring employees to disclose conflicts of interest they may have with people or organizations that have business dealings with DCF, such as service providers that the department uses to meet the needs of children in its custody. The department's current policy requires the disclosure of conflicts only with clients. The DCF Policy Manual defines a client as any family member or child who is receiving or has received services from DCF or a DCF-funded program.

- DCF did not develop policies and procedures for its new timekeeping system before its implementation. DCF uses the new system to account for employee attendance and interfaces with Core-CT, which is used to pay employees.

Effect: Department staff may be making decisions without fully understanding the case's legal aspects.

Potential conflicts of interest may go undetected, increasing the risk that the department misuses funds, or an employee fails to adequately or correctly perform official duties for reasons of personal advantage.

Without policies and procedures for a new system, there is potential for user error that could result in the department improperly paying an employee.

Cause: DCF did not consider the need for these policies.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should implement a policy requiring attorneys to provide legal advice during meetings regarding critical incidents and significant events. The department should develop procedures requiring employees to disclose all actual, potential, or perceived conflicts of interest. In addition, the department should establish policies and procedures before it implements a new system. (See Recommendation 9.)

Agency Response: "The Agency disagrees with this finding.

The Agency disagrees that additional policy is required for legal consultation for exceptional circumstances (critical incidents) and significant events. The Agency Legal Director is already required by policy (6-1) to provide legal advice and assistance related to DCF business to all employees, which includes providing consults for exceptional circumstances. Notices of Exceptional Circumstances are currently required by policy (22-1-2) to be sent to the Agency Legal Director who is involved in subsequent meetings and discussions; therefore, legal consultation is available currently. In addition, proposed revisions to this policy will include notification of the Assistant Attorney General (AAG) Child Protection Department Head.

From DCF policy 6-1, Office of Legal Affairs Overview:

Duties of the Agency Legal Director

The Director of Office of Legal Affairs acts as overall General Counsel for DCF. The Agency Legal Director's duties shall include but are not limited to:

- Providing legal advice and assistance related to DCF business to all employees;
- Advising the Commissioner regarding legal issues related to DCF business;
- Providing management and oversight of:
    - DCF legal staff in Central Office and the Regions;
    - the Administrative Hearings Unit;
    - the promulgation of DCF regulations;
- Keeping DCF staff abreast of new statutes, regulations, case decisions and other changes in the law which affect the DCF's mission;
- Collaborating with Human Resources Management and the Office of Diversity and Equity to ensure the rights of employees and the public; and
- Collaborating with the Office of the Attorney General on litigation and other legal matters.

The Agency believes the Office of State Ethics guidance is sufficient to ensure ethical standards and a separate DCF policy is not necessary. The

Ethics Guidelines regarding "Substantial Conflict of Interests: are restricted to an employee's spouse or dependent child. However, "Potential Conflicts of Interest" include: A “potential” conflict of interest exists if a public official or state employee, in the discharge of his or her official state duties, would be required to take an action that would affect his or her financial interest, or the financial interest of his or her spouse, parent, brother, sister, child, spouse of the child, or a business with which the official or employee is associated.

In cases where a Potential Conflict of Interest exists, the employee must prepare a written statement to an immediate supervisor for reassignment. If there is no immediate supervisor, the statement must be submitted to the Office of State Ethics for advice and guidance.

The Agency will emphasize this aspect of the Ethics guidance in future communications to Agency staff on compliance and ethical responsibilities.

Regarding the policies and procedures for the new timekeeping system, the policy owner for this issue would be DAS Human Resources. The Agency disagrees with the portion of the finding related to the need that a policy is required prior to the implementation of a new system. Kronos is a statewide timekeeping program that is not unique to DCF. The Department was provided virtual training prior to the implementation of the system and an extended implementation/practice/refinement period. Job aides were forwarded to staff via TEAMs and an email box was established for staff to submit questions and comments. Staff have always been required to maintain and submit time sheets for approval in order to receive timely payment of salaries. This new system is a different mechanism for completing the task and does not require policy development to mandate compliance. It appears the auditor's concern was with the use of the system which would suggest the need for a Practice Guide, not policy.”

Auditors’ Concluding Comments:

While the department’s current policy provides an overview of the legal director’s duties, it does not stipulate the specific circumstances when staff in the Office of Legal Affairs must provide legal advice.

The Code of Ethics pertains to conflicts of interest that have a financial impact. The department should require employees to disclose all actual, potential, or perceived conflicts of interest they may have, regardless of whether the conflict would have a financial impact.

The department should provide written procedures for a new system so employees are aware of the proper use of the system, and the department is able to hold employees accountable for improper use.

Internal Controls over Fiduciary Funds

Background: The Department of Children and Families administers several accounts and funds in a fiduciary capacity. The central office administers the Our Kids Fund, which the department uses for the welfare and activities of children under its care, and the Children's Trust accounts, which the department uses to account for benefits received by children in DCF care. The department's facilities also maintain separate funds. Solnit-North administers a client services and trustee fund, and Solnit-South administers a trustee fund.

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

- A comparative balance sheet and statement of cash receipts and disbursements 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.

- Agencies should prepare monthly bank account reconciliations.

- An authorized person should approve payments for goods or services. Payments should be supported by vendor invoices or receipts.

- An agency should record cash receipts daily in a cash receipts journal, which should correspond with the bank deposit total.

Funds in Children's Trust accounts include Social Security and survivor benefits that children or youth in the department's care may receive. The department uses funds in these accounts to offset the cost of client care. These benefit checks are often made out to the client. In those cases, DCF must have the client endorse the check before the department can deposit it. Good business practice provides that the department have clients promptly endorse their checks.

Section 4-32 of the General Statutes requires that any state agency receiving money or revenue for the state amounting to more than $500 shall deposit such receipts within 24 hours. The agency may hold total daily receipts of less than $500 until the total receipts to date amount to $500, but for not more than seven calendar days.

Condition: Our review of the various DCF-administered fiduciary funds and accounts during the fiscal years ended June 30, 2016, 2017, and 2018 disclosed the following:

- DCF did not prepare comparative balance sheets and statements of cash receipts and disbursements for the fiscal years ended June 30, 2016, 2017, and 2018 for the Children's Trust accounts, Our Kids Fund, Solnit-North Trustee Fund, and Solnit-North Client Service Fund. In addition, DCF did not prepare comparative balance sheets for the fiscal years ended June 30, 2016, 2017, and 2018.

- Our review of fiduciary fund bank account reconciliations disclosed that DCF did not properly prepare bank reconciliations for the Solnit-South Trustee Fund.

- A review of 12 Our Kids Fund payments totaling $3,879 disclosed the following:

  - Supporting documentation was not available for one $265 payment.

  - An authorized person did not approve two payments totaling $438.

- A review of 26 deposits for the Children's Trust accounts totaling $18,913 disclosed that DCF did not have 20 checks totaling $12,573 endorsed by clients in a timely manner. It took the department between 21 and 135 days to have the checks endorsed.

- DCF regional offices do not record cash receipts for the Our Kids Fund in a cash receipts journal. The department does not record receipts until the regional offices send them to the central office.

Effect: There is reduced assurance that the department is properly accounting for and using funds. In addition, there is reduced assurance that the department deposited receipts on time.

Cause: Internal controls and administrative oversight over the fiduciary funds were inadequate.

Prior Audit Finding: This finding has been previously reported in the last eight audit reports covering the fiscal years ended June 30, 1999 through 2015.

Recommendation: The Department of Children and Families should improve its internal controls over fiduciary funds. (See Recommendation 10.)

Agency Response: "The Agency agrees with this finding. The Agency has trained employees on the requirements of maintaining trustee accounts and will ensure the format of reporting and reconciliation matches the trustee fund manual guidance.

The Agency also agrees with the part of the finding that addresses the lateness of deposits into the Children's Trust Accounts. This specific condition relates to the Agency acting as the representative payee. The Agency receives a check on a behalf of a youth in our care. The check is then mailed or transported to the Social Worker to facilitate the youth endorsing the check. The check then needs to be sent back to the Children's Trust Account for deposit. The Agency will continue to strive to decrease the time to deposit but the need to have a check endorsed by an individual that lives in the community is an unusual condition for most State deposits and makes the standard period set for timeliness of deposits unable to be met."

Connecticut Juvenile Training School Trustee Funds

Background: The former Connecticut Juvenile Training School (CJTS) in Middletown was a secure facility for 12 to 20 year-old males adjudicated as delinquent and committed to DCF. CJTS residents received 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. The facility closed on April 12, 2018, and the department discharged or transferred all residents to the Court Support Services Division of the Judicial Branch.

DCF maintained three trustee funds for CJTS residents.

- **Residents' Cash Fund –** Consisted of individual cash funds for CJTS residents. Residents generally earned this money through participation in the school's work program.

- **Trustee Fund –** Consisted of interest on bank accounts, donations, sales, and fundraisers. DCF used these funds to enhance educational, recreational, or religious opportunities provided to CJTS residents.

- **Donation Fund –** Consisted of interest on investments and bank accounts. DCF used these funds to enhance educational, recreational, or religious opportunities provided to CJTS residents.

Criteria: Section IV of the Accounting Procedures Manual for Trustee Accounts provides that the closing or merger of a facility that has a trustee account will necessitate the closing of such fund(s). If an agency closes a facility and transfers the clients, inmates, or students to another facility, the agency should transfer the accounts to the same facility. If an agency transfers the clients, inmates, or students to more than one facility, the agency should prorate the accounts accordingly.

When an individual has left the facility and has client funds, the agency must make every effort to return any funds to the rightful owner. When all attempts to return the funds are exhausted, then the agency should consider the funds unclaimed property. Agencies must hold the unclaimed funds for three years before reporting them to the Office of the State Treasurer Unclaimed Property Division.

Condition: DCF did not fully transfer and close its trustee accounts after closing CJTS.

Context: DCF was holding $3,092 in the Residents' Cash Fund, $42,887 in the Trustee Fund, and $409,958 in the Donation Fund, as of June 30, 2020.

Effect: DCF did not comply with the Accounting Procedures Manual for Trustee Accounts. In addition, because the department did not transfer trustee fund balances, the funds were not available to benefit former CJTS residents.

Cause: DCF attempted to contact former residents with account balances to disburse the funds; however, DCF was unable to locate all residents.

DCF did not consider the need to transfer the Donation and Trustee Funds to the Judicial Department when it transferred CJTS residents and the facility closed.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should transfer or close trustee funds maintained for the Connecticut Juvenile Training School. If the department cannot locate former residents with trustee account balances, it should consider those funds unclaimed property and report them to the Office of the State Treasurer Unclaimed Property Division. (See Recommendation 11.)

Agency Response: "The Agency agrees in part with this finding. The Agency will ensure that all dormant accounts from former residents will be turned over as unclaimed property.

The Agency will work with Judicial to facilitate the Trustee Fund transfers."

Unnecessary Costs Due to Improper Termination

Criteria: Collective bargaining agreements provide that no agency shall dismiss a permanent employee without just cause.

Good business practice provides that agencies maintain sufficient documentation to justify the termination of an employee.

Section 5-272(a)(4) of the General Statutes, which is part of the State Employee Relations Act, provides that employers or their representatives or agents are prohibited from refusing to bargain collectively in good faith with an employee organization, including but not limited to, refusing to discuss grievances with such exclusive representatives.

Condition: DCF terminated an employee in January 2014 who then challenged the termination through arbitration. A May 2016 arbitration decision determined that the department terminated the employee without just cause. As a result, the arbitrator awarded the employee a make-whole remedy. In addition, the State Board of Labor Relations ruled in April 2019 that DCF must reinstate the employee within 30 days. Instead of continuing to appeal and adjudicate the case, the department and the Office of the Attorney General entered a settlement agreement with the employee.

Effect: DCF incurred unnecessary costs as the result of improperly terminating an employee. The department paid the employee $688,516 ($246,660 as part of a make-whole remedy and $441,856 as part of a settlement agreement).

Cause: DCF had insufficient evidence to support the employee's dismissal. In addition, the department's job responsibilities for the employee did not contain sufficient details to demonstrate neglect of duty.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should ensure that it has sufficient documentation prior to terminating an employee to avoid unnecessary settlement costs. (See Recommendation 12.)

Agency Response: "The agency disagrees with this finding. This was a contested and complicated legal matter in which DCF initially was defended by the Office of Labor Relations, and then by the Office of the Attorney General when it reached the Superior Court on appeal. Because a timely appeal of the underlying arbitration and State Board of Labor Relations determinations properly was pending at the time of settlement, there was no final adjudication of individual's claim of wrongful termination. Moreover, in the written Settlement Agreement applicable to this matter—which was negotiated by and through the Office of the Attorney General—the former employee repeatedly, specifically, and expressly agreed that there was no final adjudication, admission or finding of wrongdoing by DCF. Any subsequent determination to the contrary necessarily is based upon disputed facts, and calls into question the State of Connecticut's ability, in this and other cases, to resolve litigated matters via settlement based upon the advice and assistance of counsel."

Auditors' Concluding Comments: The department failed to complete its due diligence to ensure it had sufficient documentation to justify the termination prior to dismissing the employee.

Inadequate Controls Over State Vehicles

Background: Department of Children and Families employees utilize state owned vehicles when carrying out their duties. The Department of Administrative Services (DAS) Fleet Operations is responsible for purchasing, leasing, and maintaining these motor vehicles.

DAS has a feedback form on its website that allows the public to submit complaints concerning the operation of state vehicles. The director of DAS Fleet Operations tracks the vehicle complaints and distributes them to the appropriate state agencies for investigation.

Criteria: The State of Connecticut Property Control Manual provides that safeguarding inventory items is important to prevent theft and loss of state property. Agencies should implement appropriate safeguards to prevent potential losses.

DAS General Letter No.115 – Policy for Motor Vehicles Used for State Business provides that each agency shall designate an agency transportation administrator. The agency transportation administrator is responsible for promptly investigating complaints concerning state vehicles, drivers, and passengers, and notifying the director of DAS Fleet Operations of the outcome of the investigation within 30 days of receiving the complaint.

Condition: Between November 2018 and December 2020, DCF had six vehicles stolen.

DCF did not notify the director of DAS Fleet Operations of the outcome of its investigation in 335 of 1,334 DCF vehicle complaints during the fiscal years ended June 30, 2016, 2017, and 2018. As a result, DAS Fleet Operations closed these complaints due to a lack of response from DCF.

Context: As of June 30, 2021, DAS Fleet Operations allocated 769 vehicles to DCF.

Effect: While DCF was able to recover the stolen vehicles, the department incurred repair costs to make them serviceable.

There is an increased risk that the department failed to identify unsafe drivers who continued to operate state vehicles without necessary and timely intervention, such as driver training.

Cause: In one case, a DCF employee did not return the vehicle after termination from employment. In addition, the department did not acknowledge that the vehicle was missing for a month due to changes in personnel responsible for overseeing the vehicles at the area office. The other cases were due to the department not adequately safeguarding the vehicles.

DCF was unable to investigate all complaints received by DAS Fleet Operations due to staffing constraints and task priorities. The process of identifying the subject of the complaint and determining its validity is time-consuming.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should improve internal controls to adequately safeguard state vehicles and investigate and report the outcome of related complaints to the Department of Administrative Services within 30 days. (See Recommendation 13.)

Agency Response: "The Agency agrees with this finding. The Agency has strengthened its internal controls, instituting processes to ensure the safekeeping of State assets.

DAS has recently installed GPS in most of the State's Fleet vehicles. This tool will assist the Agency in both identifying missing vehicles and investigating complaints. This technology will be able to address the concerns raised in this finding."

Documentation of Agency-Administered Projects

Criteria: Section 4b-52(a)(1) of the General Statutes provides 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 the Department of Administrative Services (DAS). Repairs, alterations, or additions that are made pursuant to such approval of the DAS commissioner shall conform to all guidelines and procedures established by the Department of Administrative Services for agency-administered projects.

The DAS Agency Administered Projects Manual provides that the closeout procedures include the completion of a certificate of compliance verifying that the project was performed in substantial compliance with the Connecticut State Building Code and all other applicable codes as required by Chapter 541 of the Connecticut General Statutes. The authorized representative of the agency, the project architect/engineer, and the project contractor should sign the certificate of compliance.

Condition: Our review of 11 agency-administered projects revealed that DCF did not have certificates of compliance on file for six projects.

Context: DCF administered 52 capital projects totaling $2,355,999 during the fiscal years ended June 30, 2016, 2017, and 2018.

Effect: There is reduced assurance that the department completed capital construction projects in substantial compliance with the Connecticut State Building Code and all other applicable codes as required by Chapter 541 of the Connecticut General Statutes.

Cause: DCF had difficulty locating the certificates due to staff changes.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 and 2015.

Recommendation: The Department of Children and Families should ensure that it administers capital construction projects in accordance with the Department of Administrative Services Agency Administered Projects Manual and retains certificates of compliance for all projects. (See Recommendation 14.)

Agency Response: "The Agency agrees with this finding and has instituted an automated filing system allowing several individuals in the unit to have access to the certificates."

Inadequate Controls over Receivables

Background: The Department of Children and Families collaborates with various providers for services to meet the needs of children in its custody. DCF processes payments for these providers through its LINK system. When the department retroactively adjusts a payment, the system establishes a receivable due from the provider. The system deducts this amount from future payments. However, if the provider ceases its relationship with the department, the receivable balance remains outstanding.

Criteria: The State Accounting Manual establishes policies and procedures for state agencies in the management and collection of receivables. Accounts receivable records should be accurate, complete, and maintained in a manner to indicate how long a debt has been outstanding. Each state agency is responsible for immediately notifying the person or entity to which money is owed and collecting amounts owed to the state in the most effective and efficient manner. Agencies should subject all accounts more than 30 days past due to collection procedures.

An adequate system of internal controls should include annual reconciliations of beginning balances, activity, and ending balances. Reconciliations should identify any errors or improper entries made to receivable balances so that entities can make corrections and reporting is accurate.

The Office of the State Comptroller requires all state agencies to report accurate accounts receivable balances as of June 30th, including the amount

	of receivables estimated to be uncollectible. The State Comptroller includes reported amounts in the state's Annual Comprehensive Financial Report.
Condition:	DCF does not reconcile receivable balances reported to the Office of the State Comptroller to receivable information in LINK. In addition, the department has not implemented adequate procedures to collect receivables that are due from inactive service providers.
Context:	DCF reported receivables of \$569,527, \$703,270, and \$844,247 for the fiscal years ended June 30, 2016, 2017, and 2018, respectively.
Effect:	DCF reported unsupported amounts of receivables to the Office of the State Comptroller. In addition, the department is not collecting all funds due to the state.
Cause:	The LINK system does not readily identify the total amount of outstanding receivables. In addition, the department has not implemented procedures to identify whether inactive providers have outstanding receivable balances.
Prior Audit Finding:	This finding has not been previously reported.
Recommendation:	The Department of Children and Families should strengthen internal controls to ensure the receivable amount reported to the Office of the State Comptroller is accurate and should establish procedures to collect amounts owed from inactive providers. (See Recommendation 15.)
Agency Response:	"The Agency agrees with this finding. The Agency is creating a system for more accurate reporting until a new software solution can be developed."

Deficiencies in Controls Over Cell Phone Monitoring

Criteria:	The Office of Policy and Management Telecommunications Equipment Policy provides that the Department of Administrative Services bills agencies monthly for telecommunication services through a direct charge in the Core-CT accounting system. The agency receives a detailed electronic bill and individual cellular usage report. The employee and the agency are responsible for verifying the accuracy of the bill and confirming appropriate usage. Employees can use telecommunications equipment only for official state business and cannot use it for personal or private purposes.
Condition:	DCF did not review cell phone usage to determine whether employees used phones appropriately.
Context:	During the fiscal years ended June 30, 2016, 2017, and 2018, DCF expended \$1,727,496 for cell phones. As of April 2021, DCF had 2,510 active phones.

Effect: The department did not comply with state telecommunications policies. Failure to review cell phone usage increases the risk that abuse could occur without the department detecting it in a timely manner.

Cause: The department did not consider the need to review cell phone usage since phones have a single cost for unlimited data, text, and calls. In addition, the phones do not allow international calls so the department cannot incur additional costs. DCF only reviews cell phone usage when performing an investigation.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should comply with state telecommunication policies for monitoring cell phone usage. (See Recommendation 16.)

Agency Response: "The Agency agrees in part with the finding. The Agency in general agrees that all invoices should be closely monitored for accuracy and proper use of state resources. The Agency has over 2,500 deployed cell phones. To appropriately monitor phone usage per policy would require the hiring of several employees. The Agency had made the decision since each cell is billed at a flat rate, that it was not financially beneficial to expend the resources to the monitor cell phone activity if misuse would not result in additional costs to the Agency. The Agency does investigate telephone usage issues that come to our attention as being unusual or irregular."

Missing Statutorily Required Reports

Criteria: The Department of Children and Families must comply with numerous reporting requirements set forth by the General Statutes and public and special acts. These reports are due at different times throughout the year. An adequate system of internal control should include a method for management to track and monitor the submission of mandated reports.

Condition: Our review of 12 DCF reports that were due during the fiscal years ended June 30, 2016, 2017, and 2018 disclosed that DCF did not submit the following reports:

- Annual report to the Governor required by Section 4-60 of the General Statutes for 2018.

- Biennial report on the plans established to address disproportionate minority contact in the juvenile justice system and the steps taken to implement the plan required by Section 4-68y of the General Statutes for 2017.

- Annual evaluation of the Behavioral Health Partnership required by Section 17a-22m of the General Statutes for 2017 and 2018.

- Annual report on estimated cost savings resulting from the implementation of the Behavioral Health Partnership required by Section 17a-22n of the General Statutes for 2016, 2017, and 2018.

- DCF facilities annual report required by Section 17a-32a of the General Statutes for 2016, 2017, and 2018.

- Annual report about certain at-risk children and youth in the custody of DCF required by Section 17a-62 of the General Statutes for 2016, 2017, and 2018.

- Annual report on the Homeless Youth program required by Section 17a-62a of the General Statutes for 2016 and 2017.

- Annual report of comprehensive objective and administrative case reviews required by Section 17a-63 of the General Statutes for 2016, 2017, and 2018.

- Annual report on private service providers required by Section 17a-63a of the General Statutes for 2016, 2017, and 2018.

- Annual report on sibling visitation required by Section 17a-10a of the General Statutes for 2016, 2017, and 2018.

Context: There were 30 General Statutes and public and special acts that required DCF to submit non-financial reports throughout the fiscal years ended June 30, 2016, 2017, and 2018.

Effect: DCF did not comply with reporting requirements established by the General Statutes. As a result, the intended recipients of the reports are not able to evaluate the required information.

Cause: DCF did not complete some of these reports due to staffing constraints and a lack of administrative oversight. In addition, in some instances, the reporting requirements have become obsolete.

Prior Audit Finding: This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2011 through 2015.

Recommendation: The Department of Children and Families should ensure that it submits all required reports and that they are complete and accurate. In addition, the department should pursue the repeal of statutes requiring reports that are no longer necessary. (See Recommendation 17.)

Agency Response: "The Department agrees with the finding. The Department is developing a reporting protocol to ensure timely reporting of future reports. The Legislative Program Director will be responsible for providing advance notice to subject matter experts when a report concerning activities of their department is due. The Legislative Program Director will assist the report lead in preparing the report and submitting it according to statute.

Several obsolete or duplicative reports were repealed during the 2021 legislative session (see Public Act 21-140). The Department plans to consolidate additional reporting requirements to make the process more manageable."

Asset Management Not in Accordance with Prescribed Procedures

Background: The Department of Children and Families central office, including the area offices, and its three facilities – Connecticut Juvenile Training School (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: Section 4-36 of the General Statutes requires each state agency to establish and maintain an inventory account in the form prescribed by the State Comptroller, and to transmit a detailed annual inventory of all real property and capitalized personal property owned by the state and in the custody of the agency to the Comptroller.

The State of Connecticut Property Control Manual provides the following standards and procedures for maintaining a property control system.

- Agencies should annually report the value of all capitalized real and personal property on the CO-59 Asset Management/Inventory Report/GAAP Reporting Form. If the values recorded on the CO-59 do not reconcile with Core-CT, the agency must provide a written explanation for the discrepancy.

- Agencies must complete a physical inventory of all property by June 30th of each fiscal year to ensure that property control records accurately reflect the actual inventory on hand.

- When it is determined that an agency no longer requires software, the agency should remove the software from its inventory records.

Condition: Our review of DCF's property control system disclosed the following:

- Amounts for site improvement and buildings reported on the CO-59 reports for its central office, including the area offices, and its three facilities did not agree with amounts per the department's inventory records for the fiscal year ended June 30, 2016, 2017, and 2018.

    - The amounts reported on the site improvement lines on the CO-59 reports exceeded the amounts per the department inventory records by $2,316,831 for the fiscal years ended June 30, 2016 and 2017, and $2,726,257 for the fiscal year ended June 30, 2018.

    - The amounts reported on the building lines on the CO-59 reports exceeded the amounts per the department inventory records by $16,828,159 for the fiscal years ended June 30, 2016 and 2017, and $16,530,981 for the fiscal year ended June 30, 2018.

- DCF did not have documentation to substantiate the $63,579 of inventory – stores and supplies that it reported on the CO-59 for Solnit-North for the fiscal year ended June 30, 2016.

- DCF did not have documentation to substantiate $1,500,000 of state-owned software that it reported on the CO-59 for CJTS for the fiscal years ended June 30, 2016, 2017, and 2018. In addition, it appears that DCF is no longer using this software since CJTS closed on April 12, 2018 and has not removed the software from the inventory records.

- DCF did not conduct a timely physical inventory for Solnit-North for the fiscal year ended June 30, 2016. As a result, the department did not properly update inventory records to reflect the actual inventory on hand.

Context: The department reported $248,563,381, $250,884,401, and $252,336,932 in real and personal property for its central office, area offices, and three facilities for the fiscal years ended June 30, 2016, 2017, and 2018, respectively.

Effect: If DCF does not maintain accurate inventory records, there is an increased risk that inventory can be lost or stolen and go undetected.

DCF inaccurately reported the value of its property to the State Comptroller.

Cause: DCF had inadequate internal controls over property control and reporting. There was insufficient documentation to verify certain reported balances.

Prior Audit Finding: This finding has been previously reported in the last eight audit reports covering the fiscal years ended June 30, 1999 through 2015.

Recommendation: The Department of Children and Families should improve internal controls and should ensure that it properly records and maintains assets in accordance with the State of Connecticut Property Control Manual. (See Recommendation 18.)

Agency Response: "The Agency agrees with the finding. The Agency will continue to train employees on the inventory control standards. The Agency has assigned more employees to Asset Management and continues to improve the process."

Inadequate Loss Reporting

Criteria: Section 4-33a of the General Statutes requires state agencies to promptly notify the Auditors of Public Accounts and the Office of the State Comptroller of any unauthorized, illegal, irregular, or unsafe handling of state funds or breakdowns in the safekeeping of other state resources. The State of Connecticut Property Control Manual prescribes the format for loss reporting. Agencies should use Form CO-853 to report all adjustments, including losses or damages to real and personal property other than vehicles pertaining to theft, vandalism, obsolescence, criminal or malicious damage, lost or misplaced funds, missing property (cause unknown), weather-related damages, data breaches, losses of intangible assets, or any security breach.

Condition: DCF did not file a CO-853 form for a lost E-ZPass and did not notify the Auditors of Public Accounts and the Office of the State Comptroller about an ongoing investigation regarding inappropriate payment requests and authorizations.

Effect: DCF did not comply with Section 4-33a of the General Statutes and the State of Connecticut Property Control Manual.

Cause: The department did not file these reports due to an oversight.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Children and Families should comply with Section 4-33a of the General Statutes and promptly notify the Auditors of Public Accounts and the Office of the State Comptroller of any unauthorized, illegal, irregular, or unsafe handling of state funds or breakdowns in the safekeeping of other state resources. (See Recommendation 19.)

Agency Response: "The Agency agrees with this finding. In the past, when an investigation was necessary to determine if there was unauthorized, illegal, irregular or unsafe handing of state funds, the Agency made the report of the incident at the end of an investigative process. The Agency will no longer wait for the outcome of an investigation prior to making notifications."

Inadequate Controls over Overtime and Compensatory Time

Criteria: Section 5-245 of the General Statutes provides that employees can receive overtime pay when authorized by their appointing authority.

Collective bargaining agreements permit agency employees to earn compensatory time with prior supervisory approval.

Section 2-3 of the DCF Policy Manual provides that supervisors are authorized to approve overtime work for eligible bargaining unit staff when it is critical to public health, welfare, and safety, or needed for the essential management of state responsibilities. When the department anticipates a need for overtime work, the employee shall submit a request for authorization as far in advance as possible to the supervisor and appropriate manager. In an emergency, when supervisory personnel are not available to authorize overtime, an employee may attend to the emergency and advise management the following day. Employees must record and indicate the general reason for overtime on their timesheets, and supervisors must initial the timesheets to authorize payment. Bargaining unit employees whose collective bargaining agreements do not provide for overtime pay may earn compensatory time under the same procedures used to earn overtime pay.

Condition: Our review of 38 timesheets for employees who earned $18,544 in overtime during the audited period disclosed the following:

- Supervisors did not initial employee timesheets to authorize overtime in three instances
- Timesheets did not include the reason for overtime in 11 instances

Our review of 16 instances of compensatory time totaling 41 hours disclosed the following:

- DCF did not preapprove compensatory time in six instances
- Supervisors did not initial employee timesheets to authorize compensatory time in eight instances
- Authorization request forms were not on hand in five instances
- Employee timesheets were not on hand in four instances
- Authorization forms did not state the reason for compensatory time in two instances

- Timesheets did not include the reason for compensatory time in four instances

Context: During the fiscal years ended June 30, 2016, 2017, and 2018, DCF paid 3,326 employees a total of $64,901,495 in overtime, and 972 employees earned 74,619 hours of compensatory time.

Effect: The lack of oversight and documentation reduces the assurance that all overtime and compensatory time was necessary and properly approved. Our review disclosed that DCF supervisors did not properly approve $980 of overtime and 16 hours of compensatory time.

Cause: The department did not enforce policies in place to verify overtime and compensatory time.

Prior Audit Finding: This finding has been previously reported in the last four reports covering the fiscal years ended June 30, 2007 through 2015.

Recommendation: The Department of Children and Families should strengthen internal controls and monitoring of overtime and compensatory time. (See Recommendation 20.)

Agency Response: "The Agency disagrees with this finding. The Agency manages overtime approvals and compensation time approvals in the same manner. The manner of compensation doesn't change the process that is followed. A manager's signature on a timecard documenting the earning of compensation time is verification of the pre-approval of the earning of compensation time. If the earning of compensation time was not pre-approved by the manager, the manager would not approve the timecard for processing."

Auditors' Concluding Comments: The department's policy manual requires preapproval of overtime and compensatory time. In addition, the department should document its preapproval of overtime and compensatory time to ensure that it is making informed decisions regarding staffing levels and effectively managing costs.

Dual Employment

Criteria: Section 5-208a of the General Statutes bars state employees from being compensated by 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 Employee Code of Conduct, Section 2-3-1 of the DCF Policy Manual provides that employees shall obtain approval from Human Resources prior to seeking or holding dual employment with another state agency.

Department of Administrative Services General Letter 204 requires the employee's secondary and primary agency to complete a dual employment request form.

Condition: Our review of 13 dual employment arrangements disclosed that DCF did not approve one request form. In addition, in two cases, the employees began secondary employment before the agencies approved the request forms.

Context: DCF had 48, 52, and 62 employees that were dually employed during the fiscal years ended June 30, 2016, 2017, and 2018, respectively.

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

Cause: DCF does not have an adequate process to identify and monitor dual employees.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2014 through 2015.

Recommendation: The Department of Children and Families should ensure compliance with the dual employment provisions of Section 5-208a of the General Statutes. (See Recommendation 21.)

Agency Response: "The Agency agrees with the finding. The Agency does have a process in place. The agency will continue to reinforce our policy to ensure compliance."

Missing Workers Compensation Documentation

Criteria: The Department of Administrative Services (DAS) Workers' Compensation Program provides state agencies and employees with the information and tools necessary for the uniform administration of the program. The Workers' Compensation Information Packet prescribes the forms and medical documentation required when an employee submits a claim.

The Connecticut State Library's General Records Retention Schedules for State Agencies requires agencies to retain workers' compensation records for a minimum of 30 years after the employee's termination date.

Condition:	Our review of 15 workers' compensation files disclosed that DCF could not locate two files.
Context:	DCF employees filed 2,234 workers' compensation claims during the fiscal years ended June 30, 2016, 2017, and 2018, of which 628 claims resulted in workers' compensation payments.
Effect:	Without workers' compensation files, we are unable to determine that the department properly processed and paid claims.
Cause:	A lack of administrative oversight contributed to this condition. DCF could not locate workers' compensation files for employees who no longer worked at the department.
Prior Audit Finding:	This finding has not been previously reported.
Recommendation:	The Department of Children and Families should ensure that it maintains workers' compensation records in accordance with the Connecticut State Library's General Records Retention Schedules. (See Recommendation 22.)
Agency Response:	"The Agency agrees with the finding. The management of Worker's Compensation cases is managed offsite by the Department of Administrative Services (DAS). DAS is creating a new automated data collection and storage system in PeopleDoc Employee File Management. The Agency will work with DAS to ensure compliance with this finding in the future."

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Department of Children and Families contained 15 recommendations. Six have been implemented or otherwise resolved, and nine have been repeated or restated with modifications during the current audit.

- 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. **This recommendation has been resolved.**

- 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 also should strengthen internal controls over the monitoring of attendance to ensure that employees work their scheduled hours or appropriately charge leave time. **This recommendation has been resolved.**

- 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. **This recommendation has been resolved.**

- The Department of Children and Families should report required information in accordance with the General Statutes or seek to revise or repeal obsolete requirements. **This recommendation is being repeated. (See Recommendation 17.)**

- 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. DCF should base claims for federal reimbursement on the contract's actual percentage of allowable reimbursable costs. **This recommendation is being repeated. (See Recommendation 8.)**

- 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. **This recommendation has been resolved.**

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

- The Department of Children and Families should improve and effectively implement internal controls over wraparound funds. **This recommendation is being restated. (See Recommendation 4.)**

- 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. **This recommendation is being repeated. (See Recommendation 7.)**

- 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. **This recommendation is being repeated. (See Recommendation 10.)**

- The Department of Children and Families should improve internal controls over its property control and reporting systems. **This recommendation is being repeated. (See Recommendation 18.)**

- 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*. **This recommendation is being repeated. (See Recommendation 14.)**

- The Department of Children and Families should strengthen internal controls and monitoring over compensatory time. **This recommendation is being repeated. (See Recommendation 20.)**

- The Department of Children and Families should develop and implement internal controls to identify employees who charge more than five consecutive sick days and ensure those employees submit medical certificates. **This recommendation has been resolved.**

- 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. **This recommendation is being repeated. (See Recommendation 21.)**

Current Audit Recommendations:

1. **The Department of Children and Families should ensure that employees record LINK case narratives in a timely manner. In addition, the department's policy manual should establish deadlines for entering all types of LINK case narratives.**

   Comment:

   DCF employees did not enter approximately 79% of the LINK case narratives within the required five days. In addition, the department's revised policies include only deadlines for entering narratives relating to legal matters and foster parents.

2. **The Department of Children and Families should continue to improve its procedures to ensure it completes internal reviews for the child abuse or neglect registry in a timely manner.**

   Comment:

   DCF did not complete internal reviews for the child abuse or neglect registry within 30 days in 26% of the appeals it received.

3. **The Department of Children and Families should implement procedures to monitor the child placing agencies responsible for overseeing the placement and care of therapeutic foster care children.**

   Comment:

   DCF is not adequately monitoring the child placing agencies responsible for overseeing the placement and care of TFC children. Our review of 25 TFC children that child placing agencies placed in foster homes with a current TFC placement disclosed that, in seven instances, the agencies did not request a waiver from DCF prior to placing the child. In addition, we noted that the department's TFC waiver overcapacity log is incomplete. We noted four cases in which the department approved a waiver but did not record it on its log.

   Our review of two foster homes disclosed 12 instances in which the child placing agencies placed three TFC children in a foster home at the same time, in violation of DCF policies. In addition, DCF has not implemented monitoring procedures to ensure that child placing agencies are properly accounting for and using wraparound funds.

4. **The Department of Children and Families should strengthen its internal controls over expenditures in its LINK automated child welfare information system. In addition, the department should update its procedures to notify clients and current service providers when the department intends to discontinue services.**

   Comment:

   Our review of 14 LINK payments, totaling $30,108, disclosed that a supervisor did not approve four services prior to commencement, and DCF did not adequately support $10,377 in payments. In addition, we noted $4,480 in improper payments outside our sample.

5. **The Department of Children and Families should periodically reassess its employees' LINK access to ensure it is appropriate for their job responsibilities and maintain proper segregation of duties. The department should immediately deactivate the LINK access of terminated employees.**

   Comment:

   Our review disclosed inadequate segregation of duties within LINK. We noted three users who were able to request and approve payments. These users requested and approved $38,012 in payments during the audited period.

   Our review of 13 terminated employees disclosed that DCF did not terminate two employees' LINK access, did not promptly terminate one employee's LINK access, and did not have records to determine whether it terminated one employee's LINK access.

6. **The Department of Children and Families should ensure it adequately monitors service providers and accurately calculates cost settlements. The department should change its personal service agreements to require prompt refunds of unexpended state funds.**

   Comment:

   Our review of the department's monitoring of ten contracts disclosed that outcome reports submitted to DCF did not include all required information for seven contracts, there was no documentation indicating DCF reviewed outcome reports for nine contracts, and DCF did not properly calculate the amount of unspent funds in its annual cost settlement for two contracts.

   Our review also disclosed that DCF does not perform annual cost settlements on applicable personal service agreements.

7. **The Department of Children and Families should use standard Office of Policy and Management purchase of service contracts when contracting with residential treatment centers.**

   Comment:

   DCF does not use the standard Office of Policy and Management (OPM) purchase of service contract template for its residential treatment center contracts.

8. **The Department of Children and Families should develop procedures to calculate the portion of costs for child placing agencies allowable under Title IV-E to maximize federal revenue. The department should ensure that it adequately supports amounts claimed for federal reimbursement.**

   Comment:

   To avoid claiming unallowable costs, the department reduces its federal claim by a set percentage instead of performing an analysis to determine the actual unallowable portion. As a result, the department may be forgoing federal funds.

   In addition, DCF lost $343,327 of federal revenue by incorrectly claiming administrative costs as maintenance costs.

9. **The Department of Children and Families should implement a policy requiring attorneys to provide legal advice during meetings regarding critical incidents and significant events. The department should develop procedures requiring employees to disclose all actual, potential, or perceived conflicts of interest. In addition, the department should establish policies and procedures before it implements a new system.**

   Comment:

   DCF policy does not require Office of Legal Affairs staff to provide legal advice during meetings regarding critical incidents or significant events to ensure that all parties understand the legal aspects of the case.

   DCF does not have a policy requiring employees to disclose conflicts of interest they may have with people or organizations that have business dealings with DCF, such as service providers that the department uses to meet the needs of children in its custody.

   DCF did not develop policies and procedures for its new timekeeping system before its implementation.

10. **The Department of Children and Families should improve internal controls over fiduciary funds.**

    Comment:

    Our review of various DCF fiduciary funds revealed that the department did not have checks endorsed by clients in a timely manner, did not have support for all disbursements, did not prepare financial statements for all funds, did not properly perform bank reconciliations in some instances, and did not record all cash receipts in a cash receipts journal.

11. **The Department of Children and Families should transfer or close trustee funds maintained for the Connecticut Juvenile Training School. If the department cannot locate former residents with trustee account balances, it should consider those funds unclaimed property and report them to the Office of the State Treasurer Unclaimed Property Division.**

    Comment:

    DCF did not fully transfer and close its trustee accounts after the closing of the Connecticut Juvenile Training School (CJTS).

12. **The Department of Children and Families should ensure that it has sufficient documentation prior to terminating an employee to avoid unnecessary settlement costs.**

    Comment:

    An arbitrator determined that DCF terminated an employee without just cause. As a result of improperly terminating the employee, DCF incurred unnecessary costs. The department paid the employee $688,516 as part of a make-whole remedy and settlement agreement.

13. **The Department of Children and Families should improve internal controls to adequately safeguard state vehicles and investigate and report the outcome of related complaints to the Department of Administrative Services within 30 days.**

    Comment:

    Between November 2018 and December 2020, DCF had six vehicles stolen. In addition, DCF did not notify the director of DAS Fleet Operations of the outcome of its investigation in 335 of 1,334 DCF vehicle complaints during the fiscal years ended June 30, 2016, 2017, and 2018.

14. **The Department of Children and Families should ensure that it administers capital construction projects in accordance with the Department of Administrative Services Agency Administered Projects Manual and retains certificates of compliance for all projects.**

    Comment:

    Our review of 11 agency-administered projects revealed that DCF did not have certificates of compliance on file for six projects.

15. **The Department of Children and Families should strengthen internal controls to ensure the receivable amount reported to the Office of the State Comptroller is accurate and should establish procedures to collect amounts owed from inactive providers.**

    Comment:

    DCF does not reconcile receivable balances reported to the Office of the State Comptroller to receivable information in LINK. In addition, the department has not implemented adequate procedures to collect receivables that are due from inactive service providers.

16. **The Department of Children and Families should comply with state telecommunication policies for monitoring cell phone usage.**

    Comment:

    DCF did not review cell phone usage to determine whether employees used phones appropriately.

17. **The Department of Children and Families should ensure that it submits all required reports and that they are complete and accurate. In addition, the department should pursue the repeal of statutes requiring reports that are no longer necessary.**

    Comment:

    DCF did not submit ten statutorily required reports in one or more years during the audited period.

18. **The Department of Children and Families should improve internal controls and ensure that it properly records and maintains assets in accordance with the State of Connecticut Property Control Manual.**

    Comment:

    Our review of the CO-59 Asset Management/Inventory Report/GAAP Reporting Form revealed unsupported amounts. In addition, DCF did not conduct a timely physical inventory for Solnit-North for the fiscal year ended June 30, 2016.

19. **The Department of Children and Families should comply with Section 4-33a of the General Statutes and promptly notify the Auditors of Public Accounts and the Office of the State Comptroller of any unauthorized, illegal, irregular, or unsafe handling of state funds or breakdowns in the safekeeping of other state resources.**

    Comment:

    DCF did not file a CO-853 form for a lost E-ZPass and did not notify the Auditors of Public Accounts and the Office of the State Comptroller about an ongoing investigation regarding inappropriate payment requests and authorizations.

20. **The Department of Children and Families should strengthen internal controls and monitoring of overtime and compensatory time.**

    Comment:

    Our review disclosed that DCF did not properly authorize all overtime, compensatory time, and timesheets. In addition, authorization forms did not include the reason for overtime and compensatory time.

21. **The Department of Children and Families should ensure compliance with the dual employment provisions of Section 5-208a of the General Statutes.**

    Comment:

    Our review of 13 dual employment arrangements disclosed that DCF did not approve one request form. Additionally, in two cases, the employees began secondary employment before the agencies approved the request forms.

22. The Department of Children and Families should ensure that it maintains workers' compensation records in accordance with the Connecticut State Library's General Records Retention Schedules.

Comment:

Our review of 15 workers' compensation files disclosed that DCF could not locate two files.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Children and Families during the course of our examination.

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

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