AUDITORS' REPORT

Department of Children and Families

FISCAL YEARS ENDED JUNE 30, 2019, 2020, AND 2021

STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor

CRAIG A. MINER
State Auditor

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STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

May 28, 2025

INTRODUCTION

We are pleased to submit this audit of the Department of Children and Families (DCF) for the fiscal years ended June 30, 2019, 2020, and 2021 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

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:

Jenny Banh	Rosa Melluzzo
Walter Felgate	Huy Nguyen
Jacqueline Jones	Norberto Ramirez
Andrew Kane	John San

Walter Felgate
Principal Auditor

Approved:

John C. Geragosian
State Auditor

Craig A Miner
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Children and Families disclosed the following 18 recommendations, of which 15 were repeated from the previous audit.

Finding 1

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 21% of the appeals it received.

Context

DCF received 3,114 requests for internal reviews during the fiscal years 2019, 2020, and 2021, and did not complete 656 reviews within 30 days.

Effect

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

Cause

Delays appear to be the result of staffing constraints and competing priorities in the Legal Department. 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 17.7 days.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

The Department of Children and Families should continue to improve its procedures to ensure it promptly completes internal reviews for the child abuse or neglect registry.

Agency Response

"The Department agrees with this finding and has taken additional steps to ensure internal reviews are completed in a timely manner. The Legal division staff continue to be the primary reviewers, and the number of timely reviews 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. In addition, the Department has reallocated resources to prioritize this task and has utilized overtime to address backlogs as needed."

Finding 2

Inadequate Foster Care – Daycare Services Policy

Background

DCF area offices approve foster care related expenses, including daycare services.

Criteria

DCF Policy 24-1, Foster Care Services Overview, provides that when a foster parent works outside of the home and requests daycare for the foster child, department staff will determine if daycare is in the child’s best interests in accordance with their case plan.

Central office management can waive certain policies.

Condition

The DCF daycare policy does not explicitly state that the department will not pay a foster parent who is also a daycare provider to provide daycare services for their foster child. However, DCF's practice has been not to pay for these types of services.

Our review disclosed that a DCF area office authorized a foster parent, who was a licensed daycare provider, to provide daycare services to their two foster children. DCF paid the foster parent $19,525 for in-home daycare services from February 2020 through February 2021. DCF's central office Child Welfare Accounting Unit suspended these payments several times during this time because there were no approved policy waivers to continue these payments. However, the area office continued to authorize the payments. Central office management intervened and clarified that these payments were not allowed and were never approved.

Context

During the audited period, DCF made $32,290,608 in foster care daycare payments. We judgmentally reviewed the daycare payments for one foster mother.

Effect

DCF has reduced assurance that its policies are sufficient to prevent unallowed expenses.

Cause

The policy did not specifically address whether foster parents who are also daycare providers can be paid for providing daycare for their foster children.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Children and Families should clarify its daycare policy to prohibit the department from paying foster parents who are also daycare providers for providing daycare for their foster children.

Agency Response

"The Agency agrees with this finding. Agency practice has always dictated that foster parents are ineligible to be paid as daycare providers for their own foster children. The COVID-19 Pandemic and resultant shut down of child care centers across the state caused unprecedented situations that resulted in this unintended deviation. The Agency is reviewing its current policy to identify any necessary changes."

Finding 3

Deficiencies in Threat Assessments

Criteria

The State of Connecticut has a zero-tolerance policy for workplace violence. The State of Connecticut Violence in the Workplace Policy and Procedures Manual provides direction to state agencies in preventing and responding to incidents or a perceived threat of workplace violence. Agencies must customize these policies to their agency.

DCF's Threat Assessment Protocol outlines the procedures if an employee is subject to a threat:

- The employee should report the threat to their social worker supervisor and program manager. The supervisor and manager will assess the immanency of the threat and determine whether local law enforcement or the Connecticut State Police should be involved.
- The employee should fill out a Workplace Violence Incident Report Form (SEC-1) on the same day as the incident.
- The Threat Assessment Team (TAT) will meet within two business days to discuss the threat.
- The TAT will compile minutes from the meeting within two to three business days.
- The program manager will review the summary and recommendations from the TAT meeting and enter them into the department's statewide automated child welfare information system (LINK) within five days. This allows for tracking of important information and alerting others that may be involved with the case of actions taken.

Section 8-2 of the DCF Policy Manual provides that events related to work with children and families, including team meetings, shall be entered into LINK within five business days of the occurrence.

Condition

Our review of eight threats that occurred in the Bridgeport area office during the calendar year 2022 disclosed the following:

- In six instances, an employee did not complete a Workplace Violence Incident Report Form (SEC-1) on the same day as the incident. Employees completed them one to nine business days late.

- In five instances, the TAT meetings did not occur within two days of the incident. They occurred two to 10business days late.

- In one instance, the TAT did not disseminate meeting minutes.

We judgmentally selected four out of the eight threats to determine if the program manager reviewed TAT meeting minutes and included the meeting's summary and recommendations into LINK.

- For one incident, which included two TAT meetings, the program manager did not enter the TAT summaries into LINK.

- For one incident, the program manager entered the TAT summary into LINK three business days late.

Context

DCF logged 93 threats on its TAT log in calendar year 2022. There were eight separate incidents recorded for the Bridgeport area office. We reviewed all eight threats.

Effect

Deviations from the prescribed guidance may adversely affect the department's ability to provide a workplace free from violence or the threat of violence.

Cause

DCF informed us that employees may not submit the SEC-1 the same day if they do not deem the threat as urgent.

Delays in TAT meetings and entering summaries in LINK appear to be due to staffing constraints and competing priorities.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Children and Families should ensure it follows the threat assessment, meeting deadlines, and documentation requirements in its Threat Assessment Protocol.

Agency Response

"The Agency agrees with this finding. The Agency Threat Assessment Protocol and applicable Agency Policy is currently under revision to formalize attainable timeframes for conduct of a Threat Assessment that maximizes the safety of Agency staff which will be followed by a formalized training for all staff."

Finding 4

Inadequate Contract Monitoring

Background

DCF 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.

Criteria

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

Condition

We reviewed the department's monitoring of eight judgmentally selected purchase of service contracts and two personal service agreements totaling $28,757,765 during the audited period. Our review identified the following conditions for purchase of service contracts:

- DCF incorrectly settled one contract. As a result, the department owed the provider $1,610 for fiscal year 2021.

- For three contracts, DCF did not reconcile its fiscal year 2021 cost settlements to the providers' state or federal single audits. Further review revealed that the department did not reconcile any purchase of service contract cost settlements to the providers' state and/or federal single audits for fiscal year 2021. We did not identify the number of providers required to have a state and/or federal single audit.

Context

DCF paid $568,111,744 for 109 purchase of service contracts and $36,791,473 for 67 personal service agreements during the fiscal years 2019, 2020, and 2021.

Effect

There is an increased risk that DCF may not promptly identify refunds due to the state or provider.

Cause

DCF lacked sufficient staffing due to retirements, transfers, and turnover.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

The Department of Children and Families should strengthen internal controls to ensure it accurately calculates cost settlements and reconciles purchase of service contract year-end cost settlements to providers' state and/or federal single audit reports.

Agency Response

"The Agency partially agrees with this finding. To the finding related to improper calculation of year end settlement resulting in funds owed to the provider, cost settlement is a collaborative effort with the provider, based on the provider's unaudited year-end financial statement. It is the choice of the provider to either finalize cost settlement from their year-end financial statement or from subsequent audited statements. If the provider chooses to reconcile from their year-end financial statement, they are made aware that any funding owed to them as a result of a discrepancy between their year-end statement and the audited statement will not be repaid to them.

The Agency agrees that year end cost reconciliation was temporarily suspended for State Fiscal Year 2021. This was a management decision due to critical level vacancies in the Contracts Support Unit."

Finding 5

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 13 users who were able to request and approve payments. These users requested and approved $111,826 in payments during the fiscal years 2019, 2020, and 2021.

Our review of 12 terminated employees disclosed one instance in which DCF did not terminate the employee's LINK access.

Context

We reviewed all LINK payments totaling $781,545,043 to determine if there was adequate segregation of duties. As of February 2024, DCF had 3,459 active LINK users.

During the fiscal years 2019, 2020, and 2021, there were 762 terminated employees. We randomly selected ten employees and judgmentally selected two managers to review.

Effect

Without adequate segregation of duties, there is an increased risk of improper payments. In addition, DCF did not promptly terminate a former employee's 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.

It appears that DCF erroneously assigned the employee three active LINK accounts, and only disabled two.

Prior Audit Finding

This finding has been previously reported in the last five audit reports covering the fiscal years 2007 through 2018.

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.

Agency Response

"The Agency agrees in part with this finding. The Agency has developed manual reconciliation methods to verify that terminated employees have their access to information systems turned off upon their departure. Implementation of the new CT KIND system, anticipated in August 2025, will automate system access.

The Agency is in agreement that the LINK system does not allow for proper role-based segregation of duties. But, until the deployment of the CT KIND System, 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. No User is authorized to create and approve payments for the same Region, meaning if a User creates payments in one Region, they are not allowed to approve payments for that Region and the Child Welfare Accounting Unit audits all payment requests prior to release. New roles for payment processing have been designed in the CT KIND system to allow for the proper segregation of duties by role."

Finding 6

Lack of Controls Over LINK Expenditures

Background

LINK is the Department of 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, 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 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 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 require the department to properly authorize services and costs prior to contracting for them. The department should also maintain adequate documentation to support the services performed.

Condition

Our review of 25 LINK payments, totaling $16,303, disclosed the following:

- A supervisor did not approve two services, totaling $1,745, prior to commencement.
- DCF did not provide invoices or supporting documentation for two expenditures totaling $635.

Context

During the fiscal years 2019, 2020, and 2021, DCF expended $25,147,913 in LINK funds for supportive services. We randomly selected payments from fiscal year 2021 service expenditures totaling $2,471,391 because the department stated it had updated its internal controls as of that date.

Effect

There is reduced assurance that DCF economically and efficiently spent funds.

Cause

Social workers did not promptly submit pre-approval requests to the web-based proposal system.

DCF was unable to produce documentation after numerous requests.

Prior Audit Finding

This finding has been previously reported in the last four audit reports covering the fiscal years 2009 through 2018.

Recommendation

The Department of Children and Families should strengthen internal controls over expenditures in its LINK automated child welfare information system to ensure social workers promptly submit service proposals. The department should properly maintain supporting documentation.

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. The Agency launched a standardized LINK Purchasing and Accounts Payable process in State Fiscal Year 2021 and mandated adherence to this process by all fourteen (14) area offices utilizing LINK for services and payment. This process serves as a manual control process for all LINK payments until the launch of the CT KIND system, anticipated in August 2025."

Finding 7

Deficiencies in Inventory Reporting and Controls

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 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 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 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 an agency determines it no longer requires software, it should remove the software from its inventory records.

Adequate internal controls over inventory reporting require segregation of duties. Different employees should be responsible for the preparation and approval of financial reports.

Condition

Our review of DCF's CO-59 reports disclosed the following:

- The amounts reported on the site improvement lines on the CO-59 reports (for the central office, area offices, and three facilities) exceeded the amounts in the department's inventory records by $2,726,257 for the fiscal years 2019, 2020, and 2021.

- The amounts reported on the building lines on the CO-59 reports (for the central office, area offices, and three facilities) exceeded the amounts in the department's inventory records by $16,170,590 for the fiscal years 2019, 2020, and 2021.

- Amounts for stores and supplies reported on the CO-59 reports (for the central office and area offices) did not agree with amounts in the department's inventory records for the fiscal years 2020 and 2021. DCF did not report personal protective equipment and paper and supplies on the CO-59. We could not determine the value of these items.

- DCF could not substantiate amounts reported for Solnit-North stores and supplies inventory reported on the CO-59 reports for the fiscal years 2019, 2020, and 2021.

- DCF did not have documentation to substantiate $1,500,000 of state-owned software that it reported on the CO-59 for the Connecticut Juvenile Training School (CJTS) for the fiscal years 2019, 2020, and 2021. It also appears DCF is no longer using this software since CJTS closed on April 12, 2018. The department has not removed the software from its inventory records.

- During the audited period, the same individual prepared and approved seven of the 12 CO-59 reports.

We also noted DCF did not conduct a physical inventory for Solnit-North for fiscal year 2019 and CJTS for fiscal year 2020.

Our review of 55 judgmentally selected assets listed in the Core-CT asset management module disclosed that DCF could not locate eight assets, valued at $261,931, during our inspection.

Our review of 31 randomly selected assets at the department's central and regional offices disclosed that the locations of two assets did not correspond to the location in Core-CT. Core-CT listed one $763 asset as disposed of on March 3, 2013. We located the other $9,848 asset at Solnit-North. However, Core-CT listed the item as being located at Solnit-South.

Context

The department reported $254,513,269, $254,108,205, and $254,536,169 in real and personal property for its central office, area offices, and three facilities for the fiscal years 2019, 2020, and 2021, respectively.

The department's inventory listing as of March 20, 2023, contained 7,359 capital and controllable assets totaling $274,187,095.

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. The department lacked sufficient documentation to verify certain reported balances.

Prior Audit Finding

This finding has been previously reported in the last nine audit reports covering the fiscal years 1999 through 2018.

Recommendation

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

Agency Response

"The Agency agrees with the finding. In State Fiscal Year 2023, the Fiscal Services Asset Management Unit consolidated all inventory and property control functions, to include the DCF facilities. The Agency will continue to train employees on the inventory control standards."

Finding 8

Inadequate Controls Over State Vehicles

Background

DCF 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.

The DAS website has a feedback form 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

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

DCF did not notify the director of DAS Fleet Operations of the outcome of its investigation in 324 of 519 DCF vehicle complaints during fiscal years 2019, 2020, and 2021. As a result, DAS Fleet Operations closed these complaints due to a lack of DCF response.

Context

As of June 30, 2021, DAS Fleet Operations allocated 769 vehicles to DCF. We reviewed all 519 complaints during the audited period.

Effect

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

Cause

DCF was unable to investigate all complaints received by DAS Fleet Operations due to staffing constraints and task priorities. It is a time consuming to identify the subject of the complaint and determine its validity.

Prior Audit Finding

This finding was previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

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

Agency Response

"The Agency agrees with this finding. The audited time periods fall during the height of the COVID-19 Pandemic. The pandemic, along with critical staffing vacancies during that time prevented the investigation of every vehicle complaint received.

This has since been rectified. The Agency has a designated individual responsible for investigation of vehicle complaints and response to DAS Fleet Services. Additionally, the Agency is in final testing of an Agency-developed Fleet Scheduler to streamline vehicle reservations which will increase accuracy and ease of identifying staff driving a vehicle at any given time, which will shorten any investigation of vehicle complaints."

Finding 9

Lack of Software Inventory Records

Criteria

The State Property Control Manual requires state agencies to establish a software inventory to track and control their software media, licenses or end user license agreements, applicable certificates of authenticity, documentation, and related items. The manual also provides a list of minimum data agencies must include in their inventory listing.

Condition

Our review disclosed that DCF does not have an inventory to track and control all its software media and license agreements.

Context

DCF reported $125,455,114 in capitalized software and $3,907,921 in licensed software as of June 30, 2021.

Effect

The lack of proper accountability increases the risk that inventory may be lost, stolen, or improperly used.

Cause

The department lacked adequate internal controls over software inventory.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Children and Families should strengthen internal controls to ensure that it maintains its software inventory in accordance with the State Property Control Manual.

Agency Response

"The Agency agrees with this finding. The Fiscal Division Business Office and the Department of Administrative Services Bureau of Information Technology Solutions (DAS BITS) Business Partners have since implemented a collaborative procedure to track and inventory all software media and license agreements."

Finding 10

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 to license and train foster parents who provide specialized therapeutic foster care.

DCF's contracts with the child placing agencies provide 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.

As of September 1, 2022, DCF discontinued the $10.10 per diem payment for wraparound services. Instead, the department paid for these services. DCF directed child placing agencies to reconcile the wraparound funding and return the unspent funds.

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.

Proper internal controls over financial records include promptly performing and documenting reconciliations of state funding held by contracted providers.

Condition

Our review of waiver requests for ten judgmentally selected TFC children placed in foster homes with a current TFC placement as of May 2024 disclosed:

- In one instance, DCF did not provide an approved waiver request.
- In one instance, DCF did not approve the waiver request.
- In two instances, DCF did not approve the waiver request until eight and 11 months after the second TFC child was placed in the foster home.

DCF advised us it conducted reviews of the wraparound funding close-out reports provided by the child placing agencies. However, DCF could not provide us with a complete reconciliation showing the amounts held by each child placing agency and the total excess funds due and returned to the state.

Context

DCF expended $74,745,557 under the Therapeutic Foster Care program during fiscal years 2019, 2020, and 2021.

As of May 2024, a child placement detail report identified 22 foster homes that had two non-sibling therapeutic level children, which would require an approved waiver.

As of June 30, 2024, four child placing agencies refunded DCF $923,814 for wraparound funding. Prior to the change in payment policy, we identified 13 child placing agencies that received wraparound funding as part of the per diem rate.

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 reduced assurance that child placing agencies returned all unspent wraparound funds.

Cause

DCF has not adequately monitored its TFC child placement policy.

There was a lack of management oversight in documenting and accounting for unspent wraparound funds held by the child placing agencies.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

The Department of Children and Families should strengthen internal controls over monitoring child placing agencies responsible for overseeing the placement and care of children in therapeutic foster care.

Agency Response

"The Agency partially agrees with this finding. The Agency continues to strengthen its internal processes around timeliness of waiver approval. The Agency reconciliation and close out of wraparound funding accounts in child placement agencies required that any agency with unexpended wraparound funding at termination of the Therapeutic Foster Care program was required to submit an accounting of such funding to the Agency for reconciliation. Agencies with no unexpended wraparound funding were not required to submit such accounting. The Agency fully reconciled and recouped all funding from agencies that submitted a final wraparound funding accounting. The verification that agencies not claiming unexpended wraparound funds at termination was ascertained through review of the agency's State Single Audit."

Auditors' Concluding Comments

DCF did not provide the auditors with a full accounting of child placing agency wraparound records and recovered amounts, including reviews of agency state single audits.

Finding 11

Inadequate Controls over Accounts Receivable

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.

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 did not pursue collection on its past due accounts. In addition, the department did not identify and report all inactive providers with account receivables balances. We analyzed the accounts receivable balance and identified 225 accounts, totaling $606,553, in which the balances did not change from fiscal year 2020 to 2021.

Context

DCF reported receivables of $1,279,334, $1,310,853, and $1,108,047 for fiscal years 2019, 2020, and 2021, respectively.

Effect

DCF is not collecting all funds due to the state. The department reported inaccurate amounts of receivables to the Office of the State Comptroller.

Cause

Low staffing levels hindered DCF from performing its collection efforts. In addition, the LINK system does not easily identify the total amount of outstanding receivables.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

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

Agency Response

"The Agency agrees with this finding. The COVID-19 pandemic delayed the Agency's scheduled development and deployment of its CT KIND case management and child-specific payment system, which is the system that would make provider accounts in arrears easily identifiable. In the interim, the Agency is working to implement a manual reporting mechanism to identify provider accounts in arrears."

Finding 12

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 15 judgmentally selected DCF reports that were due during the fiscal years 2019, 2020, and 2021 disclosed that DCF did not submit the following reports:

- Biennial report on Youth Service Bureaus required by Section 10-19m(c) of the General Statutes for 2019 and 2021.
- Annual report on sibling visitation required by Section 17a-10a of the General Statutes for 2019, 2020, and 2021.
- Annual evaluation of the Behavioral Health Partnership required by Section 17a-22m of the General Statutes for 2019, 2020, and 2021.
- 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 2019, 2020, and 2021.
- Annual report on the Homeless Youth program required by Section 17a-62a of the General Statutes for 2020 and 2021.
- Annual report of comprehensive objective and administrative case reviews required by Section 17a-63 of the General Statutes for 2019 and 2020.
- Annual report on private service providers required by Section 17a-63a of the General Statutes for 2019, 2020, and 2021.
- Annual report on the cross reporting of child abuse and animal cruelty required by Section 17a-100c of the General Statutes for 2020 and 2021.
- Annual report on permanency resource data required by Section 46b-129(k)(1)(B)(iv) of the General Statutes for 2019 and 2020.

Context

We identified 31 statutorily required reports in the General Statutes and public acts applicable to DCF for fiscal years 2019, 2020, and 2021.

Effect

Executive and legislative oversight of DCF may have been diminished.

Cause

DCF lacks an effective department-wide method for tracking and monitoring the submission of statutorily required reports. DCF believes some of the reporting requirements are obsolete.

Prior Audit Finding

This finding has been previously reported in the last three audit reports covering the fiscal years 2011 through 2018.

Recommendation

The Department of Children and Families should strengthen internal controls to ensure that it submits all statutorily required reports. In addition, the department should pursue the repeal of statutes requiring reports that are no longer necessary.

Agency Response

"The Department partially agrees with the finding:

- DOH is the lead agency for submission of the annual report on Homeless Youth.

- The statute requiring annual report on comprehensive objectives and administrative case reviews was repealed.

The Department has developed a reporting protocol to ensure timely reporting of future reports. The Legislative Program Director is responsible for providing advance notice to subject matter experts when a report concerning activities of their department is due and will assist the report lead in preparing the report and submitting it according to statute.

The Department plans to consolidate additional reporting requirements to make the process more manageable and to work more closely with its partner state agencies to ensure submission of statutorily required reports that encompass more than 1 agency occurs in a coordinated manner."

Auditors' Concluding Comments

Section 17a-62a of the General Statutes states the Commissioners of Housing and Children and Families shall submit an annual report on Homeless Youth. DCF provided us with a copy of this report for fiscal year 2019.

Public Act 21-140 repealed Section 17a-63 of the General Statutes, which required an annual report of comprehensive objective and administrative case reviews, effective July 7, 2021. However, the reports were still required during the audited period.

Finding 13

Failure to Close 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 four trustee funds for CJTS residents.

- Residents' Cash Fund – Consisted of individual cash funds for CJTS residents who 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 for CJTS residents.

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

- Long Lane School Donation Fund - Was transferred to CJTS when the Long Lane School closed. The purpose of this fund was to offer education, religion, rehabilitation, or recreation opportunities that are not funded in the state budget.

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 held $2,305 in the Residents' Cash Fund, $44,701 in the Trustee Fund, and $424,508 in the Donation Fund, as of June 30, 2023. In addition, the Long Lane School Donation Fund had a balance of $36,441 as of December 31, 2022. DCF could not provide a more current bank statement for the Long Lane School Donation Fund.

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, the department could not locate all residents.

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

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

The Department of Children and Families should continue to 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.

Agency Response

"The Agency agrees with this finding. Retirements of key state employees with the proper access to these accounts prohibited the resolution of this finding until recently. Currently, the Agency is working to disseminate the client funds of former CJTS residents and return any uncollected funds to the Unclaimed Property Division of the Treasurer's Office."

Finding 14

Inadequate 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.

Criteria

The 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 required copies of the balance sheet and related statements with the Office of the State Comptroller. The department should maintain subsidiary records, as necessary, to properly account for the financial operations of the fund.

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

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. The State Treasurer can make exceptions upon written application from a state agency explaining the reason compliance would be impracticable.

Condition

Our review of the various DCF-administered fiduciary funds and accounts during the fiscal years 2019, 2020, and 2021 disclosed the following:

- DCF did not prepare comparative balance sheets and statements of cash receipts and disbursements for fiscal years 2019, 2020, and 2021 for the Our Kids Fund.

- DCF regional offices did 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.

- Our review of 15 judgmentally selected Children's Trust accounts deposits for fiscal year 2021, totaling $16,272, disclosed that DCF did not promptly deposit four checks totaling $3,416. DCF deposited the funds between two and three days late.

Context

The balance in the Our Kids Fund for the fiscal years 2019, 2020 and 2021, was $141,513, $144,676, and $145,808, respectively. The cash receipts and disbursements during the audited period totaled $17,713 and $14,962, respectively. DCF made 265 deposits totaling $243,331 to the Children's Trust accounts during fiscal year 2021.

Effect

The department has reduced assurance that it properly accounted for and used funds. There is also reduced assurance that the department deposited receipts on time.

Cause

The department lacked adequate internal controls and administrative oversight over the fiduciary funds.

Prior Audit Finding

This finding has been previously reported in the last nine audit reports covering the fiscal years 1999 through 2018.

Recommendation

The Department of Children and Families should strengthen internal controls over fiduciary funds and should ensure that it promptly deposits funds in accordance with Section 4-32 of the General Statutes or seek a waiver from the State Treasurer.

Agency Response

"The Agency agrees with this finding. The COVID-19 Pandemic and implementation of telework to mitigate its effects caused challenges in the processing of paper-based hard copy documents within state-promulgated timeframes. This has been resolved with the resumption of in-person office presence and 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."

Finding 15

Missing Certificate of Compliance for an 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 DAS 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 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 two agency-administered projects revealed that DCF did not have a certificate of compliance on file for one project.

Context

DCF administered two capital projects totaling $382,635 during fiscal years 2019, 2020, and 2021.

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 certificate due to staff changes.

Prior Audit Finding

This finding has been previously reported in the last two audit reports covering the fiscal years 2014 through 2018.

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.

Agency Response

"The Agency agrees with this finding and previously instituted an automated filing system allowing several individuals in the unit to have access to the certificates. The COVID-19 Pandemic impacted normal administration of capital projects and caused significant staffing shortages resulting in the Agency's inability to locate the certificate in question."

Finding 16

Missing or Incomplete Dual Employment Forms

Criteria

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

Condition

Our review of ten dual employment arrangements disclosed DCF could not locate three dual employment request forms. In addition, the secondary agency did not sign one employee's request form.

Context

DCF had 28, 26, and 26 employees that were dually employed during fiscal years 2019, 2020, and 2021, respectively. We randomly selected ten employees; three from fiscal year 2019, three from fiscal year 2020, and four from fiscal year 2021.

Effect

The lack of prompt authorization and monitoring, could result in conflicts and overpayments to employees who are dually employed.

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 two audit reports covering the fiscal years 2014 through 2018.

Recommendation

The Department of Children and Families should strengthen internal controls to ensure compliance with the dual employment provisions of Section 5-208a of the General Statutes.

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."

Finding 17

Inadequate Controls Over Overtime in the Solnit South Staffing Office

Background

The Staffing Office at Solnit-South is responsible for ensuring a fair and equitable system of overtime in accordance with department policies, collective bargaining agreements, and the overtime procedure and operations office rotation list agreed to with the union. Overtime is voluntary, except in an emergency or when the department needs to fill a required shift. All overtime needs are preapproved and recorded in an overtime logbook maintained by the Staffing Office.

Criteria

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

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.

Condition

Our review of 309 hours of overtime, totaling $21,901, earned by six employees in the Solnit-South Staffing Office disclosed that DCF did not preapprove 148 hours of overtime, totaling $10,172.

Context

During the fiscal years 2019, 2020, and 2021, DCF paid employees $50,775,245 in overtime. The Solnit-South Staffing Office consists of six positions covering three shifts. These employees earned 4,716 hours of overtime totaling $292,516 during the audited period. We reviewed overtime earned during the calendar year ended December 31, 2021. These employees earned 2,050 hours of overtime totaling $141,861 during this period.

Effect

When the department does not follow established overtime procedures, there is an increased risk of unauthorized or unnecessary overtime.

Cause

The department did not enforce its overtime pre-approval policies.

Prior Audit Finding

This finding has been previously reported in the last five reports covering the fiscal years 2007 through 2018.

Recommendation

The Department of Children and Families should strengthen internal controls over overtime to ensure compliance with its policies and procedures.

Agency Response

"The Agency agrees with this finding. The Agency implemented an enhanced overtime mandate process in SFY 2023. Daily Staffing huddles with the Staffing Office were implemented to review and approve mandated overtime, all mandate approvals are preapproved by Administrator on Call and documented in email and on-call/ log book, all overtime (OT) and Mandatory OT data/ totals are reviewed in Staffing Committee for tracking and trending, additional language was added to the OT policy that outlines approval process, quarterly audits have been implemented to review monthly trending and approvals and staffing Office employees' OT and/or Mandates cannot be self-approved."

Finding 18

Inadequate Controls Over Compensatory Time

Criteria

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 98 hours of compensatory time earned by 15 randomly selected employees disclosed the following:

- DCF did not preapprove 53.25 hours of compensatory time for eight employees.
- Timesheets for seven employees did not state the reason for 52.5 hours of compensatory time.

Context During the fiscal years 2019, 2020, and 2021, 723 employees earned 59,065 hours of compensatory time.

Effect The lack of oversight and documentation reduces the assurance that all compensatory time was necessary and properly approved.

Cause The department did not enforce its compensatory time verification policies.

Prior Audit Finding This finding has been previously reported in the last five reports covering the fiscal years 2007 through 2018.

Recommendation The Department of Children and Families should strengthen internal controls over compensatory time to ensure compliance with its policies and procedures.

Agency Response "The Agency partially agrees with this finding. A manager's on-going approvals of daily time clocking in Kronos ensures that monitoring of all staff time is done routinely. But, DCF acknowledges that, barring exigent circumstances, approval prior to incurrence of the overtime is required.

DCF is working with its Kronos experts to identify a viable solution for the non-manual tracking of overtime approval that is not dependent on email verification."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Department of Children and Families contained 22 recommendations. Eight have been implemented or otherwise resolved and 14 have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
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.	**RESOLVED**
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.	**REPEATED** Recommendation 1
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.	**REPEATED** **Modified Form** Recommendation 10
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.	**REPEATED** **Modified Form** Recommendation 6
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.	**REPEATED** Recommendation 5
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.	**REPEATED** **Modified Form** Recommendation 10

Prior Recommendation	Current Status
The Department of Children and Families should use standard Office of Policy and Management purchase of service contracts when contracting with residential treatment centers.	RESOLVED
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.	RESOLVED
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.	RESOLVED
The Department of Children and Families should improve internal controls over fiduciary funds.	REPEATED Recommendation 14
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.	REPEATED Recommendation 13
The Department of Children and Families should ensure that it has sufficient documentation prior to terminating an employee to avoid unnecessary settlement costs.	RESOLVED
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.	REPEATED Modified Form Recommendation 8
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.	REPEATED Recommendation 15

Prior Recommendation	Current Status
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.	REPEATED Recommendation 11
The Department of Children and Families should comply with state telecommunication policies for monitoring cell phone usage.	RESOLVED
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.	REPEATED Modified Form Recommendation 12
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.	REPEATED Recommendation 6
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.	RESOLVED
The Department of Children and Families should strengthen internal controls and monitoring of overtime and compensatory time.	REPEATED Modified Form Recommendations 17 & 18
The Department of Children and Families should ensure compliance with the dual employment provisions of Section 5-208a of the General Statutes.	REPEATED Recommendation 16
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.	RESOLVED

OBJECTIVES, SCOPE, AND METHODOLOGY

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, 2019, 2020, and 2021. The objectives of our audit were to evaluate the:

1. Department's internal controls over significant management and financial functions;

2. 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. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, accounts receivable, purchasing and expenditures, LINK payments, asset management, reporting systems, information technology, agency administered projects, state grants, and fiduciary funds. We also determined the status of the findings and recommendations in our prior audit report.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the department. We also tested selected transactions. This 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 financial information is presented for informational purposes. We obtained this information from various available sources including the department's management and state information systems. It was not subject to our audit procedures. For the areas audited, we identified:

1. Deficiencies in internal controls;

2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and

3. 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.

ABOUT THE AGENCY

Overview

The Department of Children and Families (DCF) operates primarily under the provisions of Title 17a, Chapters 319 and 319a of the 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.

Organizational Structure

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 three facilities. The department's three facilities included 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 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 adolescent males between the ages 13 of 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.

Joette Katz was appointed as commissioner of DCF in January 2011 and served in that capacity until January 2019. Vanessa Dorantes was appointed commissioner of DCF in January 2019 and served in that capacity until February 2024. Jodi Hill-Lilly was appointed commissioner in February 2024 and currently serves in that capacity.

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; and interpreting DCF policies, duties, and programs for the community at large. The council issues reports it deems necessary to the Governor and commissioner. The council also assists in the development of, and reviews and comments on, the reports described in Section 17a-3(b) of the General Statutes. The council independently monitors DCF's progress in achieving its goals and offers assistance and an outside perspective.

- Regional Advisory Councils were established by Section 17a-30 of the General Statutes, which 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 Legislative Changes

Notable legislative changes that took effect during the audited period are presented below:

- Public Act 18-31 (Section 8), effective July 1, 2018, transferred legal authority from DCF to the Judicial Branch over any child who was committed to DCF as a delinquent pursuant to a juvenile court order entered before that date. The branch's Court Support Services Division must assume responsibility for supervising the children and may exercise its powers, duties, and functions to provide such supervision. In addition, effective July 1, 2018, the act prohibited the juvenile court from committing a child to DCF because of a delinquency adjudication.

- Public Act 18-67 (Sections 8 and 9), effective July 1, 2018, allowed DCF to interview a child without the consent of a parent when neglect by that parent or a member of the household was suspected. The prior statute only permitted an interview without the consent of a parent when abuse was suspected. This act also broadened the definition of fictive kin caregiver to include a person unrelated to a child or family.

- Public Act 19-120 (Sections 1 and 2), effective October 1, 2019, and July 1, 2019, added to the statutory list of mandated reporters of suspected child abuse and neglect. The act also modified the time DCF must complete a child abuse or neglect investigation from 45 calendar days to 33 business days.

Other Information

Consent Decree

In January of 1991, to avoid litigation, DCF entered 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 was 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 for the department to achieve. The plan also allowed DCF to terminate four of the remaining 14 outcome measures by continuing to comply with them through June 30, 2018, which the department achieved.

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

In 2021, DCF completed the last outcome measure and the court monitor pre-certified that it continued to comply with the outcomes. On March 14, 2022, the Office of the Attorney General and the plaintiffs made a joint motion to terminate justification over the 2017 revised exit plan. On March 24, 2022, the federal court granted the motion bringing an end to the consent decree and federal court oversight of DCF.

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 313,768 calls in calendar years 2019, 2020, and 2021. These included 179,010 reports of suspected abuse or neglect, of which DCF accepted 77,338 for investigation.

Census Statistics

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

Placement Category	Fiscal Year Ended June 30,		
	2019	**2020**	**2021**
Adoption	5,780	5,762	5,615
Subsidized Guardianship	2,030	2,118	2,226
Foster Care	2,057	1,976	1,710
Relative Care	1,406	1,362	1,180
Special Study	295	309	261
Independent Living Program	233	222	329
Group Homes	160	129	147
Residential Home	96	88	64
Medical	34	28	17
Shelter	25	17	22
DCF Facilities	14	10	9
Safe Home	10	7	11
Total	**12,140**	**12,028**	**11,591**

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 fiscal years 2019, 2020, and 2021, based on the prior fiscal year costs, are summarized below:

Facility	Fiscal Year Ended June 30,		
	2019	**2020**	**2021**
Solnit-North	$2,843	$3,953	$3,704
Solnit-South	$2,695	$4,800	$4,600

The per capita, per diem rate for Solnit- North and Solnit-South increased for fiscal year 2020, due to an increase in employee fringe benefit costs coupled with unit closures for portions of the year due to the Covid-19 pandemic. In addition, Solnit-South's 2019 per capita rate turned out to be too low to recover the full cost of inpatient care. The additional cost was added to the 2020 rate to make up for under recoveries in the prior year.

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

Facility	Fiscal Year Ended June 30,		
	2019	**2020**	**2021**
Solnit-North	$28,892,547	$27,122,641	$28,869,334
Solnit-South	$66,552,986	$64,080,822	$65,964,364

Financial Information

General Fund Receipts

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

	Fiscal Year Ended June 30,		
	2019	**2020**	**2021**
Federal Contributions	$ 124,079,429	$ 124,554,569	$ 106,711,657
Refund of Expenditures	788,773	1,498,738	961,933
Other	7,295	4,685	2,871
Total	**$ 124,875,497**	**$ 126,057,992**	**$ 107,676,461**

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 decrease in federal contributions during the fiscal year 2021 was primarily due to a reduction in program costs for the Title IV-E Foster Care program related to the Covid-19 pandemic.

General Fund Expenditures

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

	Fiscal Year Ended June 30,		
	2019	2020	2021
Personal Services and Employee Benefits	$ 278,643,343	$ 275,356,389	$ 273,303,805
Client Services	278,843,186	274,325,574	245,601,727
Grants/Transfers	180,664,645	187,496,234	189,785,203
Purchased and Contracted Services	41,216,771	43,189,471	37,737,047
Capital Expenditures.	5,101	12,395	98,311
Total	**$ 779,373,046**	**$ 780,380,063**	**$ 746,526,093**

The decreases in client services and purchased and contracted services during fiscal year 2021 were primarily due to reduced program costs for the Title IV-E Foster Care program.

Federal and Other Restricted Accounts Fund Receipts

A summary of the Federal and Other Restricted Accounts Fund receipts during the audited period follows:

	Fiscal Year Ended June 30,		
	2019	2020	2021
Federal Contributions	$ 15,546,275	$ 17,152,538	$ 20,600,078
Grant Transfers	6,900,270	8,388,253	7,301,897
Other	13,576	461,130	384,598
Total	**$ 22,460,121**	**$ 26,001,921**	**$ 28,286,573**

The increase in federal contributions in fiscal year ended 2020 was associated with additional funding for many different programs. The increase in federal contributions during the fiscal year 2021 was primarily due to Coronavirus Relief Fund grants.

Federal and Other Restricted Accounts Fund Expenditures

A summary of the Federal and Other Restricted Accounts Fund expenditures during the audited period follows:

	Fiscal Year Ended June 30,		
	2019	2020	2021
Personal Services and Employee Benefits	$ 2,311,547	$ 1,915,626	$ 1,973,457
Client Services	(13,400)	3,266,140	2,809,782
Grants/Transfers	8,963,897	9,433,690	9,110,328
Purchased and Contracted Services	11,195,348	13,135,293	15,348,225
Capital Expenditures	192,161	-	257,295
Total	**$ 22,649,553**	**$ 27,750,749**	**$ 29,499,087**

The increase in client services in fiscal year 2020 was associated with the expansion of behavioral health programs implemented during the Covid-19 pandemic. The increase in purchased and contracted services in fiscal year 2020 was for additional management consultant services for new programs and the expansion of existing programs. The increase in purchased and contractual services in fiscal year 2021 is due to additional cleaning services provided during the pandemic.

Other Special Revenue Funds

Other special revenue fund expenditures, charged to the Capital Equipment Purchase Fund, totaled $599,366, $0 and $83,935 for the fiscal years 2019, 2020, and 2021, respectively. Expenditures charged to the STEAP - Grants to Local Government Fund totaled $379,066, $1,787,970, and $65,767 for the fiscal years 2019, 2020, and 2021, respectively.

Capital and Non-Capital Improvement Funds

Total expenditures from capital and non-capital improvement funds were $3,238,269, $6,683,003, and $2,903,911 during the fiscal years 2019, 2020, and 2021, respectively. Most of these expenditures were for the information technology capital investment and Urban Act programs.

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 benefits, survivor benefits, and other contributions received on behalf of some children placed in the department's care. DCF establishes individual trust accounts for children receiving benefits. 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 $9,800,628 during the audited period and disbursements totaled $9,822,582. The balance of these accounts as of June 30, 2021, totaled $557,757.

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 $133,108 during the audited period and disbursements totaled $144,229. The balance of these accounts as of June 30, 2021, totaled $322,507.

Donation Fund – CJTS

DCF used 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 $15,575 during the audited period and disbursements totaled $0. The balance of this fund as of June 30, 2021, totaled $452,120.

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 $43,582 during the audited period and disbursements totaled $43,955. The balance of these funds as of June 30, 2021, totaled $4,758.