EXECUTIVE SUMMARY

DEPARTMENT OF CHILDREN AND FAMILIES
DIVISION OF CHILD PROTECTION AND PERMANENCY
CONTRACTED FOSTER CARE AND RELATED SERVICES

We found that the financial transactions included in our testing were recorded properly in the accounting systems. However, we found financial transactions relating to provider contract costs were not always related to the program or reasonable and the division’s fiscal monitoring of provider contracts was inadequate. We also found rates paid by providers to foster care families were not uniform.

An estimated annual savings of $1.8 million could be achieved if the division properly monitored the contracts and enforced standardized rate payments to foster care families. Lastly, our review of the providers’ audited financial statements and state records disclosed an additional $6.2 million is due back to the State, of which $3.9 million in unspent contract funds is due back to the Department of Children and Families (DCF) and $2.3 million to the Department of Labor for unpaid taxes that had been funded by the division.

AUDIT HIGHLIGHTS

• Our review of $13.5 million in contract expenditures for the period January 1, 2010 through June 30, 2011 disclosed inefficiencies and questionable costs totaling $4.2 million. Numerous examples were cited in the report.

• We reviewed the most recent audited financial statements and the department records for 12 providers and found that the DCF had not collected $3.9 million in unspent contract funds dating back to 2007. In addition, we compared the audited financial statements to payroll tax records from the Department of Labor and found two providers owed a combined $3.3 million in state ($2.3 million) and federal ($1.0 million) taxes, including fines and penalties. These liabilities were funded by DCF contracts; however, the providers never remitted the full payments.

• We found the foster care rates paid directly by the division were uniform throughout the state, but the rates paid by provider agencies were either higher or lower than the USDA guidelines. Our analysis for the period July 1, 2009 through December 31, 2011 identified payments below the minimum required USDA rates totaling $251,000 and payments above the guidelines totaling $2.4 million. By not monitoring and standardizing the rates paid to all foster care families, the division overspent a net $2.2 million during this period. If provider payments were standardized using USDA guideline rates, the division would realize annual savings of $875,000.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click here.