MEMORANDUM

To: Frieda Baker, Child Welfare Policy and Practice Group
From: Chris Daley, Indiana Association of Resources and Child Advocacy
Re: CWG assessment of Indiana's Child Welfare system
Date: May 16, 2018

Thank you for requesting this additional information from IARCA and our membership. As we discussed, IARCA members are excited about CWG's assessment of the challenges and opportunities Indiana has in providing services to vulnerable children and families. Any such assessment must look at the system as a whole, particularly the role of IARCA members and other child service providers in keeping children safe, helping families stay together or come back together, recruiting, supervising, and supporting kinship and foster families, and providing welcoming, effective residential placements.

Following our conversation, you requested additional information on two specific points: state audits and big picture recommendations for moving the system forward.

1. Audits

IARCA members welcome effective state oversight of their services, facilities, and finances. As organizations charged with improving the safety and lives of vulnerable children and families, IARCA members support having their policies and practices open to scrutiny to increase the safety for, and outcomes of, the children and families in their care.

At the same time, ineffective or redundant oversight activities reduce the quality and quantity of time that child service providers can spend with children and families. IARCA members are asking CWG to include an analysis of whether public and private resources currently being devoted to some oversight activity is really in the best interest of children under the care of DCS. Or, whether those resources can be reallocated to direct services without reducing safety or outcomes.

As a starting point, this table provides an overview of the state and private audits or surveys one multi-program agency undergoes.

Agency	**Type**	**Frequency**
	State audits	
DCS	Foster Care Licensing Audit	Annual
DCS	Foster Care Contract Audit	Annual
DCS	Older Youth Services Site Visit	Annual
DCS	CMHI Program/Fiscal	Annual
DMHA	Mental Health Funds Recovery Program	Annual
DMHA	DMH-A Supported Consumer Program	Annual
DMHA	Mental Health Funds Recovery Program	Annual
DMHA	CMHW Program/Fiscal	Annual
FSSA	Healthy Families Program/Fiscal	Annual
FSSA	Child Care Centers - Licensing	Annual
DCS	Foster Care Re-licensure	Every 4 years

DCS	Foster Care Compliance Review	TBD
	Private audits/surveys	
BKD	All Programs – Financial	Annual
COA	Reaccreditation of All Programs	Every 4 years
HFA	Healthy Families Reaccreditation	Every 5 years

As you can see, this agency responds to a state audit of some kind almost once a month. These audits are resource intensive. They require dedicated staff time to coordinate the preparation process and additional personnel resources from across the agency to prepare for and participate in the audit. In addition to the state audits, this agency has an annual financial audit by an accounting firm and accreditation from two accrediting bodies.

These private audits are oftentimes *more* burdensome than the state audits and are always partially or fully duplicative of the state audits. Indiana has not adjusted the number, frequency, or scope of its audits to account for the transparency created by private audits. In fact, DCS conducts the same audits regardless of whether an agency is accredited or audited by an accounting firm.

To make matters worse, DCS audits ask for information in a different way than private auditors or surveyors. Therefore, agencies are required to commit personnel to answering the same questions in two different ways. Under current DCS policy and practice, agencies are not even exempted from repetitious state audits during those years when they are audited by an accreditation agency.

In addition to the above DCS audits, many agencies also undergo clinical audits. IARCA member agencies repeatedly point to the amount of overlap between contract and clinical audits. One agency shared the following chart to show the overlap:

Subject	Contract Audit	Clinical Audit
Staff development/training	✔	✔
Ratios/adequate staffing	✔	✔
Daily routine/schedule	✔	✔
Discipline/guidance	✔	✔
Safety/maintenance	✔	✔
Complete child's file	✔	✔
Education	✔	✔
Staff and resident contacts with families	✔	✔
Significant relationships	✔	✔
Referral source	✔	✔

Despite this overlap, the contract and clinical audits are conducted entirely separately. There is no effort by contract auditors to limit their inquiries to topics not covered by the clinical audit (and vice versa). Contract and clinical audits will be more efficient and effective if they are combined to eliminate redundancy.

Additionally, DCS needs to rely more on the regular data it collects from agencies and less on annual audits. Throughout the year, providers submit documentation to DCS about the services it is providing. Then, on an annual basis, DCS audits asks questions about services that the provider has already regularly documented. Essentially, a child service provider reports on services when they happen and

then again during an annual audit. Instead of this wasteful practice, DCS should focus on systematically reviewing data on a regular basis. By doing so, it can increase the collaboration between child service providers and field staff, increase its ability to conduct real time oversight, and decrease reliance on annual reviews.

2. Recommendations

We appreciate you asking for big picture recommendations for improvements to the way Indiana helps vulnerable children and families. We've been encouraged by the scope of conversations that CWG has been hosting in our state and strongly encourage you to include recommendations in your final report that pertain to the entirety of the community working on behalf of children in the care of DCS.

The following five recommendations are ones that have been broadly cited by IARCA members. We are an association with 90 statewide members, so you can imagine the diversity of opinion within our membership. These recommendations are not necessarily the ones that an individual member would deem the most important. Instead, they're ones that, if implemented, would generally improve services and outcomes for vulnerable children and families.

1. Eliminate wasteful oversight practices

DCS can better deploy its limited resources and improve the quantity and quality of services to children by eliminating redundant and ineffective audits. DCS and provider agencies are committing too many resources to questions that have already been answered by other audits or surveys or regular data reporting. DCS can also better tailor its audits to evaluate policies and practices that benefit children and families. By doing so, DCS can fund more services and provider agencies can better maximize the resources they put into child and family care.

DCS can:

a. Revise its systems of audits for properly accredited agencies by requiring audits only when there is a reason to question performance or practice. Alternatively, DCS could modify its audit instruments and only audit those policies or practices not covered by the applicable accreditation survey.
b. Combine redundant audits and share audit information and forms across state agencies to minimize overlap. As mentioned above, the contract and clinical audits for many services can be combined without much effort.
c. Tailor audits by determining how much audit information is already available to DCS staff via regular reporting requirements and limit content of audits to verifying compliance with Indiana regulations, contracts, and current, written DCS policy.

2. Increase efficiency without compromising safety

DCS's approval and billing processes are antiquated and overly cumbersome. From licensure to background checks to license revocation, DCS simply takes too long to process paperwork. The delay leads to missed placements, inappropriate placements, and service misallocation. If DCS were able to process paperwork in a timely manner (as it requires its service providers to do), the entire system would function more smoothly.

Billing is likewise overly cumbersome. From cost reports that include seemingly arbitrary components to requirements for securing Medicaid denials, DCS makes getting paid for providing care and services more resource intensive than it needs to be. Some DCS cost structure policies also create significant barriers or disincentives for agencies who, under a more flexible system, could increase the number of children and parents it provides with care and services.

3. Increase cooperation

IARCA members from around the state have happily reported early signs of a change in perspective within DCS since Director Stigdon came on board. With some exceptions, IARCA members are noticing increased desire from DCS to work collaboratively. This includes policy development, individual cases, and oversight. A few agencies have reported very productive reviews or audits where DCS focused on working together to improve services rather than simply finding fault.

However, there is still room for improvement. Too often, service providers do not feel like partners with DCS in determining the best way forward for a child or family. Some DCS staff continue to treat child service providers as problems to manage instead of team members. DCS fails to demonstrate trust with providers who have earned that trust over years or decades of excellent service. Service providers also find local staff reluctant to make basic decisions without consultation with the Central Office. By increasing communication, working together to solve problems, and empowering local offices to make more decisions, DCS will foster better services and outcomes for children and families.

4. Increase flexibility

DCS could free up more resources and human capital to provide more services, particularly more innovative services, to children and families if it increased flexibility for providers. For instance, based on no objective criteria, DCS currently prohibits non-profit child service providers from realizing an operating margin for services provided under DCS contracts. As a result, non-profit providers are hamstrung in making needed investments in infrastructure and program development that would increase their service capacity, improve their efficiency, and allow them to pilot innovative, cutting-edge programming.

Additionally, DCS continues to be overly restrictive in deciding which provider employees can provide which services. DCS has taken some steps to expand the minimum qualifications of who can provide which services, but they remain too inflexible. Generally, this is a result of an over-reliance on degrees and certifications to demonstrate competency. Clearly, some services can only be provided by employees with the appropriate degree and license. However, there are a number of programs where agencies should be able to determine, on a case-by-case basis, that some employees' experience and skill-set off-sets the lack of a certain degree. Of course, an agency would have to document its assessment of why a certain employee has appropriate underlying competencies and may well have to provide additional supervision to that employee. As generally important as this kind of flexibility is, it is a vital tool for fully staffing agencies given the hiring challenges many of them are currently facing.

Finally, agencies need more flexibility to determine staffing ratios and caseload maximums. While DCS is correct to set general ratios and maximums, those numbers should be regularly evaluated based on experience in the field. It is often the case that changes in practice or practice conditions result in previous ratios and maximums being less relevant over time. Additionally, even when DCS has correctly identified ratios and maximums, there should be flexibility when an agency can document that the

number is not appropriate for their setting and/or practice model. Again, agencies would need to document their reasoning and seek approval to vary ratios or maximums in individual cases or programs. This level of flexibility allows agencies to best deploy their staff to meet fluctuating needs and preserves DCS's ability to evaluate an agency's conclusions and staffing plans.

5. The right services, at the right time, for the right length of time

IARCA members and DCS staff go to work every day to change the trajectory of the lives of vulnerable children and families. A core principle in doing that work well is that each child and family needs the right services, at the right time, for the right length of time. While this is a shared goal across the child welfare community, it is too often not the reality because of the underlying problems outlined above.

DCS recognizes and invests in community-based services because of their central role in keeping families together and helping them reunite after a period apart. However, in 2016, just 37 agencies with community-based programs turned away nearly 7,000 referrals – largely due to a lack of capacity. In the intervening 18 months, DCS has made no significant attempt to work with community-based providers to meaningfully increase their service capacity.

And, while the documented need for foster parents has increased dramatically, LCPAs find themselves facing months long delays in securing licenses for new foster homes that they have worked hard to recruit and train efficiently. To make matters worse, a central reason for the delay is that licenses for homes working with LCPAs are subject to a higher level of scrutiny than homes working directly with DCS.

Finally, a variety of residential service providers have had a small but persistent number of youth in their care who were ready to be transferred to a less restrictive facility or a home but have been kept in their facilities by DCS. Each of these children have received care and services and were deemed to have completed their program. As a result of not being moved, the affected children often experience an increase in emotional and psychological stress. DCS is aware that these children exist in the system. Yet, they have not worked closely enough with child service providers to solve what is becoming a perpetual problem.

The service provider community is ready, willing, and able to work with DCS to solve these problems so that each child and family receives the right services, at the right time, for the right length of time. To its credit, DCS has successfully engaged with service providers on a number of discreet issues. However, it has not embraced the service provider community as a full partner and unleashed their potential to help solve these seemingly intractable problems. The release of your report and the passage of the Families First Prevention Services Act create a rare opportunity for DCS to reframe how it works with child service providers. Inclusion of the above recommendations will go a long way to guiding DCS along that path.