

# Audit Highlights



Highlights of performance audit report on the Division of Child and Family Services issued on May 24, 2016. Legislative Auditor report # LA16-11.

## Background

The Division of Child and Family Services (Division) was established in 1991 within the Department of Health and Human Services. Its mission, together in genuine partnership with families, communities, and county governmental agencies, is to provide support and services to assist Nevada's children and families in reaching their full human potential.

The Division provides a wide range of services for the children, youth, and families in Nevada. Program areas include Child Welfare Services, Juvenile Justice Services, Children's Mental and Behavioral Health Services, Administrative and Support Services, and direct services as well as oversight for programs administered at the county and local levels.

In fiscal year 2015, the Division had 23 budget accounts with revenues and expenditures of over \$227 million. The Division is funded primarily by state and federal funds, which amounted to \$120 million and \$89 million, respectively, in fiscal year 2015. As of June 30, 2015, the Division had 791 filled positions located in Carson City, Las Vegas, Reno, and various offices in rural Nevada. The Administrator's Office is located in Carson City.

## Purpose of Audit

The purpose of this audit was to analyze and describe funding and expenditures relating to services provided by the Division, including key controls and performance data, and evaluate controls over performance measures. Our audit focused on funding, expenditures, and performance data for fiscal years 2010 to 2015, and performance measures for fiscal year 2014.

## Audit Recommendations

This audit report contains three recommendations to improve the monitoring of child welfare services block grants and the reliability of performance measures.

The Division accepted the three recommendations.

## Recommendation Status

The Division's 60-day plan for corrective action is due on August 18, 2016. In addition, the six-month report on the status of audit recommendations is due on February 20, 2017.

# Division of Child and Family Services

## Department of Health and Human Services

### Summary

The Division provides a wide range of services for the children, youth, and families in Nevada. Child Welfare Services are provided by the Division in the 15 rural Nevada counties, and by Clark County Department of Family Services and Washoe County Department of Social Services in the remaining two counties. The Division provides Juvenile Justice Services statewide and Children's Mental and Behavioral Health Services in the urban counties. We found that although the Division provided adequate oversight of county-administered child welfare services, improvements are needed to ensure statutory reports are submitted complete and timely, and thoroughly reviewed for compliance with state law.

The Division can take steps to strengthen the reliability of its performance measures. Underlying records did not adequately support some of the reported measures and an inappropriate methodology was used for one measure. It is important for performance measures to be reliable because they can affect budget and policy decisions made by agency managers and oversight bodies, and judgments made by stakeholders and the public about the Division's operations. Following written procedures for review and document retention will improve oversight and the reliability of performance measures.

### Key Findings

Child Welfare Services' revenues and expenditures are recorded in nine state budget accounts. During fiscal year 2015, this amounted to over \$142.3 million, with 64% relating to services provided in Clark County, 21% in Washoe County, and 13% in the rural counties. The other 2% relates to services provided statewide. Since fiscal year 2010, Child Welfare Services' revenues and expenditures have increased by \$17.2 million or 14%. Revenue consists of approximately 50% state and 46% federal funds, with the remainder coming from fee collections, county assessments, and other miscellaneous revenue. (page 6)

Improvements are needed over the Division's monitoring of county block grants. The Division awards a block grant to Nevada's urban counties for providing child welfare services. The Division also allocates grant funds for adoption assistance programs and incentive funds to stimulate and support improvements in child welfare services. State law specifies certain reporting requirements for child welfare agencies. We reviewed the reports relating to fiscal year 2015 funding and found untimely submittals, incomplete reports, and undocumented reviews. With \$64.6 million in block grant funding in fiscal year 2015, it is imperative the Division adequately monitor the performance of child welfare agencies to ensure state and federal funds are being appropriately spent on child welfare services and help ensure the children and families served receive quality services. (page 11)

Juvenile Justice Services' revenues and expenditures are recorded in 10 state budget accounts. During fiscal year 2015, this amounted to over \$30.9 million, with 60% relating to services provided by Juvenile Correctional Care, 17% Youth Parole Bureau, and 13% Youth Alternative Placement. The other 10% represents services provided by the Juvenile Justice Programs' Office, which sub-grants federal funds to local jurisdictions for community-based programming. Since fiscal year 2010, Juvenile Justice Services' revenues and expenditures have decreased by \$3.2 million or 9%. Revenue consists of 86% state funds, 12% county assessments, and 2% federal funds. (page 14)

Children's Mental and Behavioral Health Services' revenues and expenditures are recorded in four state budget accounts. During fiscal year 2015, this amounted to over \$31 million, with 74% relating to services provided by Southern Nevada Child and Adolescent Services and 26% by Northern Nevada Child and Adolescent Services. Since fiscal year 2010, Children's Mental and Behavioral Health Services' revenues and expenditures have decreased by \$1.5 million or 5%. Revenue consists of 52% federal and 46% state funds, with the remainder coming from patient collections and rental income. (page 21)

We found that the Division lacked sufficient controls to ensure performance measures were reliable. During fiscal year 2014, the Division reported 45 performance measures, and we found control weaknesses in 8 of these measures. Detailed supporting documentation was not retained for seven measures. Methodology used for calculating one measure was not appropriate. Performance measures cannot be considered reliable unless sufficient underlying records support them and calculations are adequately reviewed. (page 27)